

In the opinion of Barnes & Thornburg, Indianapolis, Indiana ("Bond Counsel"), under existing laws, interest on the Series 2003 E Bonds (as hereafter defined) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2003 E Bonds. In the opinion of Bond Counsel under existing laws, interest on the Series 2003 E Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. See "TAX MATTERS" and Appendix C herein.

\$36,530,000

Indiana Bond Bank
Special Program Bonds, Series 2003 E
(South Bend TIF Districts)

Dated: Date of Delivery

Due: as shown on the inside cover

The Indiana Bond Bank Special Program Bonds, Series 2003 E (South Bend TIF Districts) (the "Series 2003 E Bonds") will bear interest from their date to their respective maturities in the amounts and at the rates set forth on the inside front cover. The Series 2003 E Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2003 E Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2003 E Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2003 E Bonds. Interest on the Series 2003 E Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2004. The principal of, redemption premium, if any, and interest on the Series 2003 E Bonds will be paid directly to DTC by Fifth Third Bank, Indiana, Indianapolis, Indiana, as trustee (the "Trustee") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2003 E Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2003 E Bonds will be the responsibility of the Direct Participants and the Indirect Participants, all as defined and more fully described herein under the caption "THE SERIES 2003 E BONDS-Book-Entry-Only System."

The Series 2003 E Bonds are issued by the Indiana Bond Bank (the "Bond Bank") for the principal purposes of (1) providing funds for the purchase of securities (the "Qualified Obligations") issued by the City of South Bend Redevelopment Commission (the "Qualified Entity") in the name of the City of South Bend, Indiana (the "City"); (2) funding the Reserve Requirement established by the Indenture; (3) paying a portion of the interest on the Series 2003 E Bonds due on September 1, 2004; and (4) paying all Costs of Issuance (as defined in Appendix E); and all as more fully described in this Official Statement.

Certain of the Series 2003 E Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein under the caption "THE SERIES 2003 E BONDS-Redemption."

The Series 2003 E Bonds are limited obligations of the Bond Bank payable solely out of the revenues and funds of the Bond Bank pledged therefor under the Indenture. The Series 2003 E Bonds do not constitute a debt, liability or loan of the credit of the State of Indiana (the "State") or any political subdivision thereof, including the Qualified Entity under the constitution and laws of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including the Qualified Entity. The source of payment of, and security for, the Series 2003 E Bonds are more fully described herein. The Bond Bank has no taxing power.

(A detailed maturity schedule is set forth on the inside cover)

The scheduled payment of principal of and interest on the Series 2003 E Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2003 E Bonds by MBIA Insurance Corporation.



The Series 2003 E Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank by counsel for the Issuer, Bingham McHale LLP, Indianapolis, Indiana, and for the Underwriters by their counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana. It is expected that the Series 2003 E Bonds will be available for delivery to DTC in New York, New York on or about December 30, 2003.

CITY SECURITIES CORPORATION

NATCITY INVESTMENTS, INC.

This cover page contains information for reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

December 17, 2003

Maturity Schedule
 \$36,530,000
 Indiana Bond Bank
 Special Program Bonds, Series 2003 E
 (South Bend TIF Districts)
 \$8,185,000 Serial Bonds

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price</u>
9/1/04	155,000	2.000	100.531%
3/1/05	295,000	2.000	100.750%
9/1/05	265,000	2.000	100.737%
3/1/06	270,000	2.000	100.741%
9/1/06	270,000	2.000	100.258%
3/1/07	275,000	2.500	101.465%
9/1/07	280,000	2.500	100.944%
3/1/08	280,000	3.000	102.365%
9/1/08	285,000	3.000	101.746%
3/1/09	290,000	3.000	101.194%
9/1/09	475,000	3.000	100.621%
3/1/10	485,000	5.000	110.354%
9/1/10	495,000	3.500	102.148%
3/1/11	505,000	4.000	103.785%
9/1/11	515,000	4.000	104.017%
3/1/12	525,000	4.750	108.072%
9/1/12	820,000	4.750	108.494%
3/1/13	840,000	5.000	109.406%
9/1/13	860,000	4.000	102.054%

\$ 1,775,000	5.00%	Term Bonds due September 1, 2014	Price 108.556%
\$ 1,865,000	5.00%	Term Bonds due September 1, 2015	Price 107.563%
\$ 1,955,000	5.00%	Term Bonds due September 1, 2016	Price 106.655%
\$ 2,055,000	5.00%	Term Bonds due September 1, 2017	Price 105.906%
\$ 2,165,000	5.00%	Term Bonds due September 1, 2018	Price 105.459%
\$ 2,265,000	4.50%	Term Bonds due September 1, 2019	Price 100.924%
\$ 2,370,000	5.00%	Term Bonds due September 1, 2020	Price 104.133%
\$ 2,495,000	5.00%	Term Bonds due September 1, 2021	Price 103.477%
\$ 5,370,000	5.00%	Term Bonds due September 1, 2023	Price 102.181%
\$ 6,030,000	5.00%	Term Bonds due September 1, 2025	Price 101.327%

INDIANA BOND BANK

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Clark H. Byrum, Vice Chairman
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Fifth Third Bank, Indiana
Indianapolis, Indiana

Indiana Bond Bank Counsel

Bingham McHale LLP
Indianapolis, Indiana

Bond Counsel

Barnes & Thornburg
Indianapolis, Indiana

Financial Advisor

Crowe Chizek and Company LLC
Indianapolis, Indiana

No dealer, broker, salesperson or other person has been authorized by the Bond Bank or by the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2003 E Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2003 E Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the information presented herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2003 E BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SERIES 2003 E BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

\$36,530,000

**Indiana Bond Bank
Special Program Bonds, Series 2003 E
(South Bend TIF Districts)**

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the "Bond Bank") of its \$36,530,000 aggregate principal amount of Special Program Bonds, Series 2003 E (South Bend TIF Districts) (the "Series 2003 E Bonds"). The Series 2003 E Bonds are authorized by Resolutions adopted by the Board of Directors of the Bond Bank on August 5, 2003, September 2, 2003 and November 12, 2003 (together, the "Resolutions") and are issued pursuant to the provisions of a Trust Indenture dated as of December 1, 2003, between the Bond Bank and the Trustee (as hereinafter defined) (the "Indenture"), and the laws of the State of Indiana, including particularly Indiana Code 5-1.5 (as amended from time to time, the "Act"). Fifth Third Bank, Indiana, Indianapolis, Indiana is the trustee, registrar and paying agent (the "Trustee") under the Indenture.

The proceeds from the sale of the Series 2003 E Bonds will be used to provide funds to (a) purchase the Series 2003 E Qualified Obligations identified herein under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 E BONDS – The Qualified Obligations" (the "Qualified Obligations"), (b) fund the Reserve Requirement established by the Indenture, (c) pay a portion of the interest on the Series 2003 E Bonds due on September 1, 2004, and (d) pay all of the Costs of Issuance (as defined in Appendix E) of the Series 2003 E Bonds, including the Underwriter's discount. See the caption "PLAN OF FINANCING."

Upon the delivery of the Series 2003 E Bonds and receipt of the net proceeds therefor, the Bond Bank shall deliver to the Trustee a portion of the proceeds of the Series 2003 E Bonds for deposit (1) into the Debt Service Reserve Fund, the amount of \$3,161,800 which is equal to the Reserve Requirement; (2) into the Bond Issuance Expense Account, the sum of \$220,000, to pay Costs of Issuance (other than underwriters' discount retained by the Underwriters and the premium for the bond insurance policy paid by the Underwriters directly to MBIA Insurance Corporation (the "Series 2003 E Bond Insurer") for and on behalf of the Bond Bank); and (3) into the General Account \$34,218,894.30 which is the remainder of the net proceeds,

of which \$34,215,000 will be used for payments to the Qualified Entity for the purchase of the Qualified Obligations, and \$3,894.30 will be used to pay a portion of the interest on the Series 2003 E Bonds due on September 1, 2004, as more fully described in this Official Statement under the captions "PLAN OF FINANCING" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 E BONDS."

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Summaries of certain provisions of the Indenture and definitions of some of the capitalized words and terms used in this Official Statement are set forth in Appendix D and Appendix E. Terms not defined herein shall have the respective meanings ascribed thereto in the Indenture.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entities and copies of the Indenture and the Authorizing Instruments (as hereinafter defined) may be obtained from the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. The Bond Bank's telephone number is (317) 233-0888.

THE SERIES 2003 E BONDS

General Description

The Series 2003 E Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2003 E Bonds will be dated as of the date of their delivery.

Interest on the Series 2003 E Bonds will be payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2004 (each an "Interest Payment Date"). The Series 2003 E Bonds will bear interest (calculated on the basis of a 30-day month and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. If a Series 2003 E Bond is authenticated on or prior to August 15, 2004, it shall bear interest from the date of delivery. Each Series 2003 E Bond authenticated after August 15, 2004, shall bear interest from the most recent Interest Payment Date to which interest has been paid on the date of authentication of such Series 2003 E Bond unless such Series 2003 E Bond is authenticated after a Record Date and on or before the next succeeding Interest Payment Date, in which event the Series 2003 E Bond will bear interest from such next succeeding Interest Payment Date.

When issued, all Series 2003 E Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests from DTC in the Series 2003 E Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2003 E Bonds payments of the principal of and interest on the Series 2003 E Bonds will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "DTC Participants") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2003 E Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, "Book-Entry-Only System" under this caption.

If DTC or its nominee is not the registered owner of the Series 2003 E Bonds, principal of and premium, if any, on all of the Series 2003 E Bonds will be payable at maturity upon the

surrender thereof at the principal corporate trust office of the Trustee. Interest on the Series 2003 E Bonds, when due and payable, will be paid by check dated the due date mailed by the Trustee one business day prior to the due date (or, in the case of an owner of Series 2003 E Bonds in an aggregate principal amount of at least \$1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Trustee not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner) to the persons in whose names such Series 2003 E Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Trustee on the Record Date, irrespective of any transfer or exchange of such Series 2003 E Bonds subsequent to such Record Date and prior to such Interest Payment Date unless the Bond Bank shall default in the payment of interest due on such Interest Payment Date.

Except as provided under "Book-Entry-Only System," in all cases in which the privilege of exchanging or transferring Series 2003 E Bonds is exercised, the Bond Bank will execute and the Trustee will deliver Series 2003 E Bonds in accordance with the provisions of the Indenture. The Series 2003 E Bonds will be exchanged or transferred at the principal corporate trust office of the Trustee only for Series 2003 E Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2003 E Bonds, the Bond Bank or the Trustee may impose a charge for any applicable tax, fee or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a Series 2003 E Bond is registered will be deemed and regarded as its absolute owner for all purposes and payment of principal thereof and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such Series 2003 E Bond to the extent of the sum or sums so paid.

Redemption

Optional Redemption. The Series 2003 E Bonds maturing on or after March 1, 2013 are subject to redemption prior to maturity on or after September 1, 2012, in whole or in part on any date as selected by the Bond Bank, at a redemption price equal to the principal amount of each Series 2003 E Bond to be redeemed, plus accrued interest to the redemption date, and without any redemption premium.

Mandatory Redemption. The Series 2003 E Bonds (or any portion thereof in integral multiples of \$5,000) maturing on September 1 of the years 2014 through 2021, and on September 1, 2023 and September 1, 2025 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount of such Term Bonds plus accrued interest to the date of redemption in accordance with the following table:

2014 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/14	\$875,000
Final Maturity	9/1/14	\$900,000

2015 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/15	\$920,000
Final Maturity	9/1/15	\$945,000

2016 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/16	\$965,000
Final Maturity	9/1/16	\$990,000

2017 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/17	\$1,015,000
Final Maturity	9/1/17	\$1,040,000

2018 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/18	\$1,070,000
Final Maturity	9/1/18	\$1,095,000

2019 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/19	\$1,120,000
Final Maturity	9/1/19	\$1,145,000

2020 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/20	\$1,170,000
Final Maturity	9/1/20	\$1,200,000

2021 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/21	\$1,230,000
Final Maturity	9/1/21	\$1,265,000

2023 Term Bond

	<u>Date</u>	<u>Principal Amount</u>
	3/1/22	\$1,295,000
	9/1/22	\$1,325,000
	3/1/23	\$1,360,000
Final Maturity	9/1/23	\$1,390,000

2025 Term Bond

	3/1/24	\$1,430,000
	9/1/24	\$1,460,000
	3/1/25	\$1,500,000
Final Maturity	9/1/25	\$1,640,000

Under the Indenture, selection of the Term Bonds to be redeemed will be made by lot by the Trustee. In accordance with DTC standard practices and its agreement with the Bond Bank, DTC and the DTC participants will make the selection so long as the Series 2003 E Bonds are in book-entry form. The principal amount of Term Bonds to be redeemed on each date set forth above will be subject to reduction by the principal amount of any such Term Bonds of the same maturity which, not less than 45 days prior to a sinking fund redemption date, have been theretofore surrendered to or purchased by a Trustee for cancellation and canceled, all in accordance with the Indenture. The principal amount of any Term Bonds so surrendered and canceled in excess of the principal amount scheduled for redemption in any one year will be credited against future redemption obligations and the principal amounts of Term Bonds subject to sinking fund redemption at such times will be accordingly reduced.

Cash Flow Certificate. Prior to any optional redemption of any Series 2003 E Bonds, the Bond Bank will be required under the Indenture to deliver or to cause to be delivered to the Trustee a Cash Flow Certificate (as defined in Appendix E) to the effect that, giving effect to such redemption, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

Notice of Redemption. In the case of redemption of the Series 2003 E Bonds, notice of the call for any such redemption identifying the Series 2003 E Bonds, or portions of Series 2003 E Bonds, to be redeemed will be given by mailing a copy of the redemption notice by first class, registered or certified mail not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Registered Owner of the Series 2003 E Bonds to be redeemed at the address shown on the registration books of the Trustee. Failure to give such notice by mailing, or any defect thereof with respect to any Series 2003 E Bonds, shall not affect the validity of any proceedings for the redemption of any other Series 2003 E Bonds. All Series 2003 E Bonds so called for redemption shall cease to bear interest on the specified redemption date, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture, provided funds for their redemption are on deposit at the place of payment at that time.

Redemption Payments. Prior to the date fixed for redemption, there must be on deposit with the Trustee sufficient funds to pay the Redemption Price of the Series 2003 E Bonds called, together with accrued interest on the Series 2003 E Bonds to the redemption date.

Book-Entry-Only System

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2003 E Bonds. The Series 2003 E Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2003 E Bond will be issued for each maturity of the Series 2003 E Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over eighty-five countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is

owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of the Series 2003 E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003 E Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2003 E Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2003 E Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2003 E Bonds, except in the event that use of the book-entry system for the Series 2003 E Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2003 E Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2003 E Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003 E Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2003 E Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2003 E Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2003 E Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2003 E Bond documents. For example, Beneficial Owners of Series 2003 E Bonds may wish to ascertain that the nominee holding the Series 2003 E Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2003 E Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2003 E Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts, the Series 2003 E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. The principal and interest payments on the Series 2003 E Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. The payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2003 E Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2003 E Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2003 E Bonds certificates will be printed and delivered.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BOND BANK BELIEVES TO BE RELIABLE, BUT THE BOND BANK TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

Revision of Book-Entry-Only System

In the event that (i) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2003 E Bonds or (ii) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Series 2003 E Bonds, then the Bond Bank and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2003 E

Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2003 E Bonds and to transfer the ownership of each of the Series 2003 E Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2003 E Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2003 E Bonds, will be paid by the Bond Bank.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 E BONDS

The Series 2003 E Bonds will be issued under and secured by the Indenture. The principal of, redemption premium, if any, and interest on any and all of the Series 2003 E Bonds, together with any Refunding Bonds that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2003 E Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bond Bank which, together with the Qualified Obligations and all other qualified obligations pledged under the Indenture, are pledged pursuant to the Indenture for the benefit of the owners of the Bonds equally, ratably and without priority.

Neither the faith, credit nor taxing power of the State of Indiana (the "State") or any political subdivision thereof, including the Qualified Entity, is pledged to the payment of the principal of, redemption premium, if any, and interest on any of the Bonds. The Bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof including the Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Bonds are issued and secured separately from any other obligations issued by the Bond Bank. The sources of payment of and security for the Bonds are more fully described below.

Under the Indenture, the Bonds are secured by a pledge to the Trustee of the Qualified Obligations and all principal and interest payments made or required to be made on the Qualified Obligations (the "Qualified Obligation Payments"), as described therein. In addition, the Indenture pledges to the payment of the Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture (except for the Rebate Fund) and the accounts thereunder, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Bond Bank to the Trustee as security under the Indenture, to the extent of any such pledge. Under the Act and Indiana Code 5-1-14-4, such pledge is valid and binding from and after the date of delivery of the Series 2003 E Bonds under the Indenture and such Qualified Obligations and the Qualified Obligation Payments thereon shall be immediately subject to the lien of such pledge without any physical delivery of the payments or further act, and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof. The Qualified Obligation Payments with respect to the Qualified Obligations have been structured as of the date of issuance of the Series 2003 E Bonds to be sufficient along with earnings thereon, and other money in the Funds and Accounts under the Indenture and the earnings thereon, to pay the principal of and interest on the Series 2003 E Bonds when due.

The Qualified Obligations

From the proceeds of the Series 2003 E Bonds, the Qualified Obligations will be purchased by the Bond Bank and delivered to the Trustee, pursuant to the Qualified Entity Purchase Agreement (the “Qualified Entity Purchase Agreement”) among the Bond Bank, the City of South Bend (the “City”) and the City of South Bend Redevelopment Commission, acting in the name of the City (the “Qualified Entity”). The information set forth below has been supplied to the Bond Bank by the Qualified Entity.

The Qualified Obligations consist of \$19,795,000 in aggregate principal amount of City of South Bend, Indiana, Redevelopment District Tax Increment Revenue Bonds, Series 2003 (South Bend Central Development Area) (the “SBCDA Qualified Obligations”), secured by a pledge of tax increment revenues from the Qualified Entity’s South Bend Central Allocation Area (South Bend Allocation Area No. 1A) (the “South Bend Central Allocation Area”) and \$14,420,000 in aggregate principal amount of City of South Bend, Indiana, Redevelopment District Tax Increment Revenue Bonds, Series 2003 (Airport Economic Development Area) (the “AEDA Qualified Obligations”), secured by a pledge of tax increment revenues from the Qualified Entity’s Airport Economic Development Area, each issued by the Qualified Entity. Proceeds of the SBCDA Qualified Obligations will be used: (i) to refund the South Bend Redevelopment Authority Lease Rental Revenue Bonds (Parking Facility Refunding) issued by the South Bend Redevelopment Authority and dated as of July 1, 1992 (the “1992 South Bend Redevelopment Authority Bonds”); and (ii) to improve downtown parking garages, construct new parking garages, and construct improvements to the Rink Building, the Studebaker Museum, the UL/EHL Expansion and the Avon Theater. Proceeds of the AEDA Qualified Obligations will be used to make various road improvements including road relocation and site improvements to the Bosch Economic Development Project.

Provisions for Payment of the Qualified Obligations

Each of the Qualified Obligations has been issued pursuant to a resolution adopted by the Qualified Entity (an “Authorizing Instrument”). The Qualified Entity will make the Qualified Obligation Payments on February 1 and August 1 of each year.

The principal of, premium, if any, and interest on the SBCDA Qualified Obligations and the AEDA Qualified Obligations are payable solely out of tax increment revenues derived from ad valorem taxes on taxable real property located in the South Bend Central Allocation Area and Airport Economic Development Area, respectively, which are separate Allocation Areas (as hereinafter defined) established by the Qualified Entity. The tax increment revenues from the South Bend Central Allocation Area and the Airport Economic Development Area will be allocated and deposited in separate allocation funds pursuant to the provisions of IC 36-7-14 (the “Redevelopment Statute”) and in accordance with the terms and conditions contained in the Authorizing Instruments. The SBCDA Qualified Obligations will not be secured by or payable from moneys in the allocation fund established for the Airport Economic Development Area, and the AEDA Qualified Obligations will not be secured by or payable from moneys in the allocation fund established for the South Bend Central Allocation Area.

Under the Redevelopment Statute, the Qualified Entity has the power to designate areas within its boundaries as a “Blighted Area” or an “Economic Development Area”, and may adopt a declaratory resolution establishing such area as an “Allocation Area.” The Qualified Entity established the South Bend Central Allocation Area as a Blighted Area pursuant to a resolution adopted on May 10, 1985 (the “Original SBCDA Area”) and expanded such Area by adding: (i) Expansion Area No. 1 by resolution adopted on March 11, 1988 (the “SBCDA Expansion Area No. 1”); (ii) Expansion Area No. 2 and Expansion Area No. 3 by resolution adopted on October 27, 1989 (the “SBCDA Expansion Areas Nos. 2 and 3”); (iii) Expansion Area No. 4 by resolution adopted on February 18, 2000 (the “SBCDA Expansion Area No. 4”); and (iv) Expansion Area No. 5 by resolution adopted on October 3, 2003 (the “SBCDA Expansion Area No. 5”). The Qualified Entity established the Airport Economic Development Area as an Economic Development Area pursuant to a resolution adopted on February 23, 1990 (the “Original AEDA Area”) and expanded such Area by adding: (i) Expansion Area No. 1 and Expansion Area No. 2 by resolution adopted on November 9, 1990 (the “AEDA Expansion Areas Nos. 1 and 2”); (ii) Expansion Area No. 3 by resolution adopted on May 22, 1992 (the “AEDA Expansion Area No. 3”); (iii) Expansion Area No. 4 by resolution adopted on July 7, 1995 (the “AEDA Expansion Area No. 4”); (iv) Expansion Area No. 5 by resolution adopted on November 21, 1997 (the “AEDA Expansion Area No. 5”); (v) Expansion Areas No. 6, 7 and 8 by resolution adopted on February 19, 1999 (the “AEDA Expansion Areas Nos. 6, 7 and 8”); (vi) Expansion Areas No. 9 and 10 by resolution adopted on October 20, 2000 (the “AEDA Expansion Areas Nos. 9 and 10”); (vii) Expansion Area No. 11 by resolution adopted on February 16, 2001 (the “AEDA Expansion Area No. 11”); (viii) Expansion Areas No. 12, 13, 14 and 15 by resolution adopted on November 1, 2002 (the “AEDA Expansion Areas Nos. 12, 13, 14 and 15”); and (ix) Expansion Area No. 16 by resolution adopted on July 18, 2003 (the “AEDA Expansion Area No. 16”).

Both the South Bend Central Allocation Area and the Airport Economic Development Area are also Allocation Areas under the Redevelopment Statute.

Under the Redevelopment Statute, “Base Assessed Value” is defined as: (a) with respect to each of the Original SBCDA Area, the SBCDA Expansion Area No. 1, and the SBCDA Expansion Areas Nos. 2 and 3 (each of which were established or added before July 1, 1997), and each of the Original AEDA Area, the AEDA Expansion Areas Nos. 1 and 2 and the AEDA Expansion Area No. 3 (each of which were established before July 1, 1995), the net assessed value of all the property in such Area as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the resolution establishing or adding such Area; and (b) with respect to both of the SBCDA Expansion Area No. 4 and the SBCDA Expansion Area No. 5 (both of which were established after June 30, 1997) and to each of the AEDA Expansion Areas No. 4, the AEDA Expansion Area No. 5, the AEDA Expansion Areas Nos. 6, 7 and 8, the AEDA Expansion Areas Nos. 9 and 10, the AEDA Expansion Area No. 11, the AEDA Expansion Areas Nos. 12, 13, 14 and 15, and the AEDA Expansion Area No. 16 (each of which were established after June 30, 1995): (i) the net assessed value of all the property in such Area as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the resolution establishing or adding such Area; plus (ii) to the extent that it is not included in clause (i), the net assessed value of property that is assessed as residential property under the rules of the Indiana Department of Local Government Finance, as

finally determined for any assessment date after the effective date of the allocation provision of the resolution establishing or adding such Area.

Thereafter, with respect to each of the foregoing Areas, the lesser of (i) the assessed value of the property for the assessment date with respect to which an allocation and distribution is made or (ii) the Base Assessed Value must be allocated to, and when collected, paid into the funds of the respective taxing units. Property tax proceeds in excess of the Base Assessed Value (the "Tax Increment") for each of the foregoing Areas are then allocated to the Qualified Entity and paid into the allocation fund for the appropriate Allocation Area, which has been pledged to the payment of obligations, including the Qualified Obligations relating to that Allocation Area.

The SBCDA Qualified Obligations are payable solely from the Tax Increment derived from the South Bend Central Allocation Area. The AEDA Qualified Obligations are payable solely from the Tax Increment derived from the Airport Economic Development Area. The Qualified Entity does not have the power to levy additional taxes to pay debt service on the Qualified Obligations. See Appendix B for additional information concerning the sources of payment of the Qualified Obligations.

Enforcement of the Qualified Obligations

As owner of the Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by Qualified Entities. The Act provides that upon the sale and the delivery of any Qualified Obligation to the Bond Bank, the Qualified Entity will be deemed to have agreed that all statutory defenses to nonpayment are waived in the event that the Qualified Entity fails to pay principal of or interest on such Qualified Obligation when due.

Further, the Qualified Entity and the City have agreed under the Qualified Entity Purchase Agreement to report to the Bond Bank on their compliance with certain covenants which they have made regarding various actions and conditions necessary to preserve the tax exempt status of interest paid on the Qualified Obligations. See the caption "TAX MATTERS." The Bond Bank has also determined to consult with the Qualified Entity and the City, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entity or the City to preserve the exclusion of the interest on the Series 2003 E Bonds from the gross income of the holders of the Series 2003 E Bonds.

The Bond Bank will monitor the compliance and consult regularly with the Qualified Entity and the City with respect to its requirements under the Qualified Obligations, including the making of Qualified Obligation Payments to the Bond Bank.

Additional Bonds

Additional bonds of the Bond Bank may be issued on a parity with the Series 2003 E Bonds pursuant to the Indenture only for the purpose of refunding (in whole or in part) Bonds issued by the Bond Bank pursuant to the Indenture.

Debt Service Reserve Fund

The Act authorizes and the Indenture requires the Bond Bank to establish and maintain the Debt Service Reserve Fund in which there is to be deposited or transferred:

- (i) Moneys available to the Bond Bank from proceeds of the sale of the Series 2003 E Bonds initially established under the Indenture in the amount of \$3,161,800;
- (ii) All money required to be transferred to the Debt Service Reserve Fund for the replenishment thereof from another Fund or Account under the Indenture;
- (iii) All money appropriated by the State for replenishment of the Debt Service Reserve Fund; and
- (iv) Any other available money or funds that the Bond Bank may decide to deposit in the Debt Service Reserve Fund.

Under the Indenture, the Debt Service Reserve Fund is required to contain an amount equal to the least of (i) the maximum annual debt service on the Bonds, (ii) ten percent of the original stated principal amount of the Bonds, or (iii) 125 percent of average annual debt service on the Bonds, which at the time of the issuance of Series 2003 E Bonds means an amount equal to \$3,161,800, and thereafter, if less than such amount, shall be the maximum annual debt service on Outstanding Bonds in the present or any succeeding Fiscal Year (the "Reserve Requirement").

Moneys in the Debt Service Reserve Fund from time to time will be invested pursuant to the Investment Agreement and it is anticipated that such investment and the earnings thereon will be used to pay a portion of the principal of and interest on the Series 2003 E Bonds. However, there can be no assurance that such moneys or the earnings thereon will be available, if and when needed, to pay debt service on the Series 2003 E Bonds. For further information regarding the Investment Agreement and the nature of and requirements for the investment of the Debt Service Reserve Fund, see "RISKS TO THE OWNERS OF THE SERIES 2003 E BONDS. "

Except as provided in the Indenture, moneys in the Debt Service Reserve Fund will be held and applied to the payment of the principal of and interest on the Bonds in cases where sufficient funds are not available in other Funds and Accounts for such payments.

State Appropriations Mechanism

The Act provides that the State General Assembly may annually appropriate to the Bond Bank for deposit in the Debt Service Reserve Fund any sum, required by the Act to be certified by the Chairman of the Board of Directors of the Bond Bank to the State General Assembly prior to December 1 of any year, as may be necessary to restore the Debt Service Reserve Fund to the amount then required to be on deposit in the Debt Service Reserve Fund to the Reserve Requirement. The Indenture further requires such certification to be made by the Chairman to the State General Assembly on or before August 1 of any fiscal year of the Bond Bank ("Fiscal Year") in which the amount in the Debt Service Reserve Fund is projected to be less than the

Reserve Requirement. However, nothing in these provisions or any other provision of the Act creates a debt or liability of the State to make any payments or appropriations to or for the use of the Bond Bank. There can be no representation or assurance (i) that a certificate from the Chairman of the Board of Directors of the Bond Bank, stating the amount of a deficiency in the Debt Service Reserve Fund, would be taken up for any or for early consideration by the State General Assembly, or (ii) that upon consideration of any such certificate, the State General Assembly would determine to appropriate funds to reduce or eliminate such deficiency, or (iii) that in the event the State General Assembly determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. The Bond Bank has previously issued and has outstanding as of the date of this Official Statement an aggregate principal amount of approximately \$339,375,000 in separate program obligations secured by debt service reserve funds, which are also eligible for annual appropriations from the General Assembly.

In accordance with the Constitution of the State, the State General Assembly meets for a maximum period of 61 legislative days in every odd-numbered year in order to establish a budget and to make appropriations. The State General Assembly also meets for a maximum period of 30 legislative days in intervening years in order to make supplemental appropriations. Because the State General Assembly meets for only a portion of each year, there can be no representation or assurance that the State General Assembly could, if it elected to do so, take timely action upon a certificate from the Chairman of the Board of Directors of the Bond Bank in order to provide funds to avoid a default in the payment of principal of or interest on the Bonds.

BOND INSURANCE

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA" or the "Series 2003 E Bond Insurer") for use in this Official Statement. Reference is made to Appendix F for a specimen of MBIA's policy.

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Bond Bank to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2003 E Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2003 E Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2003 E Bonds. MBIA's policy does not, under

any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2003 E Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Series 2003 E Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other trustee for the Series 2003 E Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of a Series 2003 E Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2003 E Bonds or presentment of such other proof of ownership of the Series 2003 E Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2003 E Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2003 E Bonds in any legal proceeding related to payment of insured amounts on the Series 2003 E Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2003 E Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

MBIA

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth under the heading "BOND INSURANCE - The MBIA Insurance Corporation Insurance Policy".

Additionally, MBIA makes no representation regarding the Series 2003 E Bonds or the advisability of investing in the Series 2003 E Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2002; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Series 2003 E Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2002, MBIA had admitted assets of \$9.2 billion (audited), total liabilities of \$6.0 billion (audited), and total capital and surplus of \$3.2 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2003 MBIA had admitted assets of \$9.9 billion (unaudited), total liabilities of \$6.4 billion (unaudited), and total capital and surplus of \$3.5 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2003 E Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2003 E Bonds. MBIA does not guaranty the market price of the Series 2003 E Bonds nor does it guaranty that the ratings on the Series 2003 E Bonds will not be revised or withdrawn.

AGREEMENT WITH THE STATE

Under the Act, the State has pledged to and agreed with the owners of the bonds or notes of the Bond Bank, including the Series 2003 E Bonds, not to limit or restrict the rights vested in the Bond Bank by the Act to fulfill the terms of any agreements made with the owners of such bonds or notes or in any way impair the rights or remedies of such owners until the bonds and notes, together with interest thereon, and interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such owners are fully met, paid and discharged.

RISKS TO OWNERS OF THE SERIES 2003 E BONDS

Purchasers of the Bonds are advised of certain risk factors with respect to the payment of the Series 2003 E Bonds. This discussion is not intended to be all-inclusive, and other risks may also be present.

Sources of Payments for the Bonds

The ability of the Bond Bank to pay principal of, and interest on, the Series 2003 E Bonds depends primarily upon the receipt by the Bond Bank of payments pursuant to the Qualified Obligations, including interest at the rates provided therein, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments. Except for the Debt Service Reserve Fund, there is no source of funds which is required to make up for any deficiencies in the event of one or more defaults by the Qualified Entity in payments on the Qualified Obligations. There can be no representation or assurance that the Qualified Entity will receive sufficient incremental tax revenues or otherwise have sufficient funds available to make its required payments on the Qualified Obligations. The receipt of such revenues by the Qualified Entity is subject to, among other things, future economic conditions, actions by

creditors, and other conditions which are variable and not certain of prediction. For a description of procedures for providing for the payment of the Series 2003 E Qualified Obligations, see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 E BONDS - Provisions for Payment of the Qualified Obligations."

The State General Assembly may determine to appropriate funds to the extent of any deficiency in the Debt Service Reserve Fund (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 E BONDS - State Appropriations Mechanism"). However, the State General Assembly is not and cannot be obligated to appropriate any such funds. Moreover, the State General Assembly meets for only a portion of each year commencing in January and ending not later than April 30, unless extended by a special session called by the Governor, and there can be no representation or assurance (i) that a certificate from the Chairman of the Board of Directors of the Bond Bank, stating the amount of a deficiency in the Debt Service Reserve Fund, would be taken up for any or for early consideration by the State General Assembly, or (ii) that upon consideration of any such certificate, the State General Assembly would determine to appropriate funds to reduce or eliminate such deficiency, or (iii) that in the event the State General Assembly determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. In no event can or will the Series 2003 E Bonds be deemed to be a debt or obligation of the State. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2003 E BONDS - State Appropriations Mechanism."

Investment Risk

It is expected that the amounts held under the Indenture (the "Investment Amounts") will be invested in the Investment Agreement entered into by and among the Bond Bank, the Trustee and MBIA Investment Management Corporation (the "Investment Provider"), or another financial institution (the "Financial Institution") currently rated in one of the two highest rating categories by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"). It is anticipated that the Investment Amounts, together with the earnings thereon, pursuant to the terms of the Investment Agreement will be used to pay all or a portion of principal of and interest on the Series 2003 E Bonds. However, there can be no assurance that the Financial Institution will be able to return the Investment Amounts and the earnings thereon on a timely basis or at the rates contemplated under the Investment Agreement. In the event that the Financial Institution fails to return the Investment Amounts or the earnings thereon on a timely basis or at the rates contemplated under the Investment Agreement, the Investment Amounts and the earnings thereon may be unavailable to pay debt service on the Series 2003 E Bonds. Similarly, there can be no assurance that, in the event of the insolvency, bankruptcy or similar deterioration in financial condition of the Financial Institution, the Investment Amounts and the earnings thereon will be available, if needed, to pay debt service on the Series 2003 E Bonds.

Tax Exemption

The Bond Bank has covenanted under the Indenture to take all actions and not to fail to take any actions required to assure the continuing exclusion of interest on the Series 2003 E Bonds from gross income for federal income tax purposes. Failure by the Bond Bank to comply

with such covenants could cause the interest on the Series 2003 E Bonds to be taxable retroactive to the date of issuance. Also, in connection with the original purchase of each of the Qualified Obligations, the Bond Bank received an opinion of counsel by a nationally recognized firm experienced in matters relating to municipal law and matters relating to the exclusion of interest payable on obligations of states and their instrumentalities and political subdivisions from gross income under federal tax law, acceptable to the Bond Bank and the Trustee (an "Opinion of Bond Counsel"), for the Qualified Entity to the effect that, conditioned upon continuing compliance by the Qualified Entity with certain covenants made in connection with the issuance of such Qualified Obligations, the interest on the Qualified Obligations is excluded from the gross income of the holder thereof for federal income tax purposes under existing statutes, decisions, regulations and rulings. However, the interest on such Qualified Obligations could become taxable in the event that the Qualified Entity fails to comply with certain of such covenants, including without limitation the covenant to rebate or cause to be rebated, if necessary, to the United States government all arbitrage earnings with respect to its Qualified Obligations under certain circumstances and the covenant to take all actions and to refrain from such actions as may be necessary to prevent such Qualified Obligations from being deemed to be "private activity bonds" under the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2003 E Bonds and any applicable regulations promulgated thereunder (the "Code"). Such an event could in turn adversely affect the exempt status of the interest on all of the Series 2003 E Bonds retroactive to the date of issuance. See the caption "TAX MATTERS." The Bond Bank is not aware of any circumstances that would cause the interest on the Qualified Obligations to be includable in gross income for federal income tax purposes under the Code, but has not undertaken any investigation in connection with this Official Statement.

Limited Remedies

The remedies available to the Trustee, to the Bond Bank or to the owners of the Bonds upon the occurrence of an Event of Default under the Indenture or under the terms of any of the Qualified Obligations or the Investment Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the "United States Bankruptcy Code"), the remedies provided in the Indenture, the Qualified Obligations, and the Investment Agreement may not be readily available or may be limited.

Bond Insurance

The 2003 E Bond Insurer has issued the Policy, guaranteeing the payment of the principal (but not premium) of the Series 2003 E Bonds due at maturity, but not as a result of the acceleration thereof (unless consented to by the 2003 E Bond Insurer), and interest on the Series 2003 E Bonds due on the interest payment dates therefore. There can be no assurance that the 2003 E Bond Insurer will be financially able to meet its contractual obligations under the Policy. A form of the Policy is attached hereto as Appendix F. Certain information with respect to the 2003 E Bond Insurer is set forth under the caption "BOND INSURANCE" herein. Such information was provided by the 2003 E Bond Insurer.

So long as the 2003 E Bond Insurer performs its obligations under the Policy, the Series 2003 E Bonds cannot be accelerated without the prior written consent of the 2003 E Bond Insurer. Furthermore, so long as the 2003 E Bond Insurer performs its obligations under the Policy, the 2003 E Bond Insurer may direct any remedies that the Bondholders may exercise under the Indenture.

In the event that the 2003 E Bond Insurer is unable to make payments of principal of and interest on the Series 2003 E Bonds as such payments become due, the Series 2003 E Bonds are payable solely from moneys received by the Trustee as set forth in the Indenture.

In the event that the 2003 E Bond Insurer is required to pay principal of or interest on the 2003 E Bonds, no representation or assurance is given or can be made that such event will not adversely affect the market price for or marketability of the 2003 E Bonds.

PLAN OF FINANCING

The Bond Bank will use a portion of the proceeds of the Series 2003 E Bonds to purchase the Qualified Obligations. The Qualified Entity and the City have represented to the Bond Bank that they will use the proceeds received from the sale of the Qualified Obligations to pay for a portion of the costs of the public works projects and to refund the 1992 South Bend Redevelopment Authority Bonds, all as identified in the Authorizing Instruments.

APPLICATION OF PROCEEDS OF THE SERIES 2003 E BONDS

Set forth below is a summary of the estimated sources and uses of the proceeds of the Series 2003 E Bonds.

Sources:

Principal amount	\$36,530,000.00
Original issue premium	<u>1,407,072.70</u>
Total	\$37,937,072.70

Uses:

Acquisition of Qualified Obligations	\$34,215,000.00
Costs of issuance, Underwriter's Discount,	
Premium for Series 2003 E Bond Insurance Policy	\$556,378.40
Reserve Requirement	\$3,161,800.00
Capitalized Interest	<u>\$ 3,894.30</u>
Total	\$37,937,072.70

THE INDIANA BOND BANK

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for

the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and has outstanding as of November 1, 2003, an aggregate principal amount of approximately \$3,285,795,000 in separate program obligations not secured by the Indenture, approximately \$339,375,000 of which obligations are secured by debt service reserve funds eligible for annual appropriation by the State General Assembly. Additionally, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financing, if any, will be secured separately from the Series 2003 E Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist "qualified entities", defined in the Act to include, in part, political subdivisions, as defined in Indiana Code 36-1-2-13, state educational institutions, as defined in Indiana Code 20-12-0.5-1(b), leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of among other things, purchasing the bonds, notes or evidences of indebtedness of such qualified entities. Under the Act, qualified entities include entities such as cities, towns, counties, school corporations, library corporations, special taxing districts, state educational institutions, charter schools and nonprofit corporations and associations which lease facilities or equipment to such entities. The City of South Bend Redevelopment Corporation is a "qualified entity" within the meaning of the Act.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to: (i) a loan to or a lease or an agreement with a qualified entity; (ii) a purchase, acquisition or a sale of qualified obligations or other investments; or (iii) the performance of its duties and execution of its powers under the Act;
2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;

3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;

4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;

5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;

6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other Program Expenses properly attributable to qualified entities;

7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;

8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;

9. In connection with the purchase of any qualified obligations, consider the need, desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;

10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and

11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to: (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 21-1-5; (iii) bonds, notes or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption; and (v) obligations of certain types of qualified entities that have separate limits.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;
2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;
3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;
4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings association or any other kind of financial institution; or
5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Director of the State Department of Financial Institutions, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below and until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Directors elect one Director to serve as Vice Chairman. The Directors also appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board of Directors of the Bond Bank.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board of Directors of the Bond Bank:

Tim Berry, Treasurer of the State of Indiana, February 10, 1999-present, and Chairman Ex Officio. Residence: Indianapolis, Indiana, Member, Indiana State Board Finance; Vice

Chairman, Indiana Housing Finance Authority; Secretary-Investment Manager, Indiana Board for Depositories; Member, Governing Board of the Indiana Department of Revenue; Treasurer, Indiana State Office Building Commission; Treasurer, Indiana Recreational Development Commission; Trustee, Indiana State Police Pension Fund; Board Member, Indiana Transportation Finance Authority.

Clark H. Byrum, Vice Chairman; term expired July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and NorCen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

Charles W. Phillips, Director of the Indiana Department of Financial Institutions, 1989 to present, and Director Ex Officio, serving at the pleasure of the Governor. Residence: New Albany, Indiana. Director Ex Officio, Indiana Housing Finance Authority; President, Floyd County Bank, New Albany, Indiana, 1962-1985; Former Examiner, Federal Deposit Insurance Corporation.

Russell Breeden, III, Director; term expired July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to 2002; Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present; Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc., 1988 to present.

Morris H. Mills, Director; term expired July 1, 2003. Residence: Ladoga, Indiana. Partner, Mills Bros. Farms; Member, Indiana State Senate, 1972 to 2000; Member, Indiana State House of Representatives, 1968 to 1972; Director and Officer, Maplehurst Group, 1954 to 1996.

C. Kurt Zorn, Director; term expired July 1, 2003. Residence: Bloomington, Indiana. Professor of Public and Environmental Affairs, Indiana University, 1994 to Present; Chairman, State Board of Tax Commissioners, January 1991 to August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987 to 1994 (on leave 1989 to 1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

Marni McKinney, Director; term expires July 1, 2004. Residence: Indianapolis, Indiana. Vice President, 1984 to 1999, and Chairman of the Board, 1999 to present, First Indiana Bank; President and CEO, The Somerset Group, 1995 to 2000; Vice Chairman and Chief Executive Officer, First Indiana Corporation, 1999 to present; Board of Directors, The Children's Museum and Community Hospitals of Indiana, Inc.; Investment Committee Member, The Indianapolis Foundation.

Although the expiration date of the terms of four Directors is July 1, 2003, the Act provides that their terms will not expire until their successors are appointed and qualified. No such successors have been appointed and qualified.

The Directors are authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board of Directors. Dan Huge was appointed Executive Director of the Indiana Bond Bank on October 9, 2001. Mr. Huge previously served as the Deputy Director of the Indianapolis Local Public Improvement Bond Bank for over three years. Mr. Huge has over 14 years of corporate accounting and managerial experience. He is a Certified Public Accountant and holds a B.S. from Purdue University.

REVENUES, FUNDS AND ACCOUNTS

The Indenture creates certain Funds and Accounts identified in more detail below. Pursuant to the Indenture, the Trustee will deposit the net proceeds of the Series 2003 E Bonds, together with other moneys into these Funds and Accounts as described below. Appendix E sets forth a summary of certain provisions of the Indenture.

Creation of Funds and Accounts

The Indenture establishes the following Funds and Accounts to be held by the Trustee:

1. General Fund - comprised of the following:
 - (a) General Account
 - (b) Bond Issuance Expense Account
 - (c) Redemption Account
2. Debt Service Reserve Fund
3. Rebate Fund

Deposit of Net Proceeds of the Series 2003 E Bonds, Revenues and Other Receipts

On the date of delivery of the Series 2003 E Bonds, the Trustee will deposit the proceeds from the sale of the Series 2003 E Bonds, together with other moneys made available by the Bond Bank, as follows:

- (a) Into the Debt Service Reserve Fund, the amount of \$3,161,800 to fund the Reserve Requirement;
- (b) Into the Bond Issuance Expense Account of the General Fund, the amount of \$220,000 in order to pay the Costs of Issuance (other than the underwriters' discount retained by the Underwriters and the premium for the Series 2003 E Bond Insurance Policy paid by the Underwriters directly to the 2003 E Bond Insurer for and on behalf of the Bond Bank);
- (c) Into the General Account of the General Fund, the amount of \$34,218,894.30 of which \$34,215,000 will be used to purchase the Qualified

Obligations, and \$3,894.30 will be used to pay interest on the Series 2003 E Bonds due on September 1, 2004.

The Trustee will deposit all Revenues and all other receipts (except the proceeds of the Series 2003 E Bonds, and moneys received by the Bond Bank from the sale or redemption prior to maturity of the Qualified Obligations) into the General Account of the General Fund and will deposit any moneys received from the sale or redemption prior to maturity of the Qualified Obligations into the Redemption Account of the General Fund. Thereafter, the Trustee will deposit the proceeds of any Refunding Bonds as provided under the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

OPERATION OF FUNDS AND ACCOUNTS

General Fund

General Account. The Trustee will deposit in the General Account of the General Fund all moneys required to be deposited therein pursuant to the Indenture. The Trustee will invest such funds in accordance with the Indenture and will make the following payments from the General Account on the specific dates, and if there are not sufficient funds to make all the payments required, with the following order of priority:

(a) On the date of initial delivery of the Series 2003 E Bonds and upon the submission of requisitions of the Bond Bank signed by an Authorized Officer, stating that all of the requirements with respect to such financing set forth in the Indenture have been or will be complied with, an amount sufficient to purchase the Qualified Obligations;

(b) On or before 10:00 A.M. in the city in which the Trustee is located, on the business day next preceding each Interest Payment Date, to the Trustee such amount as shall be necessary to pay the principal and interest coming due on the Bonds on such Interest Payment Date;

(c) As soon as funds become available, and only to the extent necessary, to the Debt Service Reserve Fund, sufficient amounts to assure that the Reserve Requirement is met;

(d) At such times as shall be necessary, amounts to pay the Program Expenses, but only to the extent contemplated in the most recent Cash Flow Certificate;

(e) On or before thirty (30) days after each anniversary of the issuance of the Series 2003 E Bonds, any amount necessary to comply with any Rebate Fund requirements; and

(f) After making such deposits and disbursements and after the Trustee will make a determination of the amounts reasonably expected to be received in the form of Qualified Obligation Payments under the Indenture in the succeeding twelve months, to any other fund or account maintained by the Bond Bank, regardless of whether such fund or account is subject to the lien of the Indenture, all moneys in the General Fund which,

together with such expected receipts for the succeeding twelve months are in excess of the amounts needed to pay principal of and interest on the Bonds within the immediately succeeding twelve-month period. No moneys shall be so transferred unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that after such transfer, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

Bond Issuance Expense Account. The Trustee will disburse the amounts held in the Bond Issuance Expense Account upon receipt of invoices or requisitions certified by the Executive Director of the Bond Bank to pay the Costs of Issuance of the Bonds or to reimburse the Bond Bank for amounts previously advanced for such costs. On June 1, 2004, any amounts remaining in the Bond Issuance Expense Account will be transferred to the General Account, at which time the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

Redemption Account. (a) The Trustee will deposit in the Redemption Account all moneys received upon the sale or redemption prior to maturity of the Qualified Obligations and will disburse the funds in the Redemption Account as follows:

(1) On the fifteenth day of each month, to the General Account amounts of moneys equal to the amount of principal which would have been payable during the following month if such Qualified Obligation had not been sold or redeemed prior to maturity.

(2) On the second business day next preceding each Interest Payment Date if moneys in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, the Trustee shall transfer to the General Account moneys in the Redemption Account not already committed to the redemption of Bonds for which notice of redemption has been given.

(3) After making provisions for the required transfers to the General Account as described in subparagraphs (1) and (2) above, (i) to redeem Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank, if such Bonds are then subject to redemption, (ii) to the extent there are any excess moneys in the Redemption Account, to the General Account, (iii) to purchase Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds are then subject to redemption, or (iv) to make investments of such moneys until the payment of Bonds at their maturity or maturities as directed by an Authorized Officer in accordance with the Indenture. Such purchase price may not, however, exceed the Redemption Price which would be payable on the next ensuing date on which the Bonds of the Series so purchased are redeemable according to their terms unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that the purchase at a price in excess of the Redemption Price will not result in Revenues, together with moneys expected to be held in the Funds and Accounts, being less than an amount equal to debt service on all Outstanding Bonds along with Program Expenses, if any. The Trustee will pay the interest accrued on the Bonds so purchased to the date of delivery thereof from the General Account and the

balance of the purchase price from the Redemption Account, but no such purchase shall be made by the Trustee within the period of sixty (60) days next preceding an Interest Payment Date or a date on which such Bonds are subject to redemption under the provisions of the Indenture or the Supplemental Indenture authorizing the issuance of such Bonds. The Trustee will deliver the Bonds so purchased to the Trustee within five (5) days from the date of delivery to the Trustee.

(4) In the event that the Trustee is unable to purchase Bonds as described in clause (iii) of subparagraph (3) above, then, subject to restrictions on redemption set forth in the Indenture, the Trustee will call for redemption on the next redemption date such amount of Bonds of such maturity or maturities as directed by an Authorized Officer of the Bond Bank as will exhaust the Redemption Account as nearly as may be possible at the applicable Redemption Price. The Trustee will pay the interest accrued on any such redeemed Bonds to the date of redemption from the General Account and will pay the Redemption Price from the Redemption Account.

(b) The Trustee may, upon written direction from the Bond Bank, transfer any moneys in the Redemption Account to the General Account if the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that after such transfer and after any transfer from the General Account to the Bond Bank, Revenues, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any.

Debt Service Reserve Fund

The Trustee will deposit in the Debt Service Reserve Fund all moneys required to be deposited therein pursuant to the Indenture, will invest such funds, and, except as provided in the Indenture, will disburse the funds held in the Debt Service Reserve Fund solely to the General Account for the payment of interest on and principal of the Bonds and only in the event that moneys in the General Account are insufficient to pay principal of and interest on the Bonds after all of the transfers thereto required to be made under the Indenture from the Redemption Account have been made. Amounts in the Debt Service Reserve Fund in excess of the Reserve Requirement will be transferred to the General Account or the Redemption Account, as directed by the Bond Bank.

The Bond Bank may cause to be deposited into the Debt Service Reserve Fund for the benefit of the holders of the Series 2003 E Bonds a Debt Service Reserve Fund Credit Facility. If such deposit causes the Debt Service Reserve Fund to be equal to the Reserve Requirement, moneys in the Debt Service Reserve Fund in excess of that needed for the Debt Service Reserve Fund to be equal to the Reserve Requirement will be moved in accordance with the Indenture, subject to the satisfaction of any Debt Service Reserve Fund Reimbursement Obligations from such excess as described below. If a disbursement is made pursuant to a Debt Service Reserve Fund Credit Facility, the Bond Bank will be obligated (but solely from the appropriations, if any, made and available pursuant to the Indenture or if otherwise available from the Trust Estate) within twelve months from the date on which such disbursement was made, to cure such deficiency, either (i) to reinstate the maximum limits of such Debt Service Reserve Fund Credit

Facility or (ii) to deposit cash into the Debt Service Reserve Fund, or a combination of such alternatives, so that the Debt Service Reserve Fund is equal to the Reserve Requirement. The Trustee will include in the total amount held in the Debt Service Reserve Fund an amount equal to the maximum principal amount which could be drawn by the Trustee under any such Debt Service Reserve Fund Credit Facility on deposit with the Trustee. Amounts required to be deposited in the Debt Service Reserve Fund will include any amount required to satisfy a Debt Service Reserve Fund Reimbursement Obligation for any Debt Service Reserve Fund Credit Facility. The Trustee is authorized to move the amounts to satisfy the Debt Service Reserve Fund Reimbursement Obligations to the provider of the Debt Service Reserve Fund Credit Facility.

Rebate Fund

The Trustee will establish and maintain, so long as any Bonds are outstanding and are subject to a requirement that arbitrage profits be rebated to the United States, a separate fund to be known as the "Rebate Fund." The Trustee will make information regarding the Bonds and investments hereunder available to the Bond Bank and will make deposits in and disbursements from the Rebate Fund in accordance with the written instructions received from the Bond Bank and pursuant to the Indenture, will invest the Rebate Fund pursuant to written investment instructions received from the Bond Bank and will deposit income from such investments immediately upon receipt thereof in the Rebate Fund.

If a deposit to the Rebate Fund is required as a result of the computations made by the Bond Bank, the Trustee will upon receipt of written directions from the Bond Bank accept such payment for the benefit of the Bond Bank and make transfers of moneys from the General Account to the Rebate Fund to comply with such direction. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee will upon written direction from the Bond Bank transfer such amount to the General Account. Records of the determinations required by the Indenture and the investment instructions must be retained by the Trustee until six (6) years after the Bonds are no longer Outstanding.

Not later than sixty (60) days after the fifth anniversary date of the date of issuance of the Series 2003 E Bonds, and every five (5) years thereafter, the Bond Bank will pay to the United States the amount required to be paid to the United States pursuant to the Code as of such payment date, and not later than sixty (60) days after the final retirement of the Bonds, the Bond Bank will pay to the United States the amount required to be paid to the United States pursuant to the Code as of such retirement date. Each payment required to be paid to the United States pursuant to the Indenture will be, together with a properly completed Internal Revenue Service Form 8038-T, filed with the Internal Revenue Service Center, Ogden, Utah 84201.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Bonds outstanding under the Indenture, all required rebates and the fees, charges and expenses of the Trustee will be distributed to the Qualified Entity.

LITIGATION

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation: restraining or enjoining the issuance, sale, execution or delivery of the Series 2003 E Bonds; seeking to prohibit any transactions contemplated by the Indenture; or in any way contesting or affecting the validity of the Series 2003 E Bonds or the Qualified Obligations or any proceedings of the Bond Bank taken with respect to the issuance or sale of the Series 2003 E Bonds, or the Pledges (as hereinafter defined under the caption "ENFORCEABILITY OF REMEDIES") or application of any moneys or security provided for payment of the Series 2003 E Bonds or the Qualified Obligations. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present directors or other officers of the Bond Bank to their respective offices is being contested.

TAX MATTERS

In the opinion of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2003 E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2003 E Bonds (the "Code"). The opinion of Barnes & Thornburg is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entity issuing the Series 2003 E Qualified Obligations and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Series 2003 E Bonds is exempt from income taxation in the State for all purposes except the State financial institutions tax. See Appendix C for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2003 E Bonds as a condition to the exclusion from gross income of interest on the Series 2003 E Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2003 E Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2003 E Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Series 2003 E Bonds would be materially and adversely affected. The Tax Covenants include covenants that: (i) the Bond Bank and the Qualified Entity will not take or fail to take any action with respect to the Series 2003 E Bonds, if such action or omission would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2003 E Bonds under Section 103 of the Code, and the Bond Bank and the Qualified Entity will not act in any other manner which would adversely affect such exclusion; (ii) the Bond Bank and the Qualified Entity will not make any investment or do any other act or thing during the period that the Series 2003 E Bonds are outstanding which would cause the Series 2003 E Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and (iii) if required by the Code, the Bond Bank will rebate any necessary amounts to the United States of America. It is not an event of default under the Indenture or the Authorizing Instruments if interest on the Series 2003 E Bonds or the Qualified Obligations,

respectively, is not excluded from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2003 E Bonds.

The interest on the Series 2003 E Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2003 E Bonds is includable in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Series 2003 E Bonds are not “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2003 E Bonds is excluded from gross income for federal income tax purposes and exempt from certain State income tax, the accrual or receipt of interest on the Series 2003 E Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2003 E Bonds should consult their own tax advisors with regard to other tax consequences of owning the Series 2003 E Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2003 E Bonds. Prospective purchasers of the Series 2003 E Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2003 E Bonds.

AMORTIZABLE BOND PREMIUM

The initial offering price of all maturities of the Series 2003 E Bonds (the "Premium Bonds"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the

amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee or the holders of the Series 2003 E Bonds upon a default under the Indenture, to the Trustee or the Bond Bank under the Qualified Obligations, the Qualified Entity Purchase Agreement and the Authorizing Instruments, or to any party seeking to enforce the pledges securing the Series 2003 E Bonds or the Qualified Obligations (collectively, the "Pledges") are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided (or which may be provided) in the Indenture, the Qualified Entity Purchase Agreement, the Qualified Obligations and the Authorizing Instruments, or to any party seeking to enforce the Pledges, may not be readily available or may be limited. Under Federal and State environmental laws, certain liens may be imposed on property of the Bond Bank or the Qualified Entity from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the Qualified Obligation Payments pledged to owners of the Series 2003 E Bonds under the Indenture or over the liens pledged to the owner of the Qualified Obligations under the Authorizing Instruments.

The various legal opinions to be delivered concurrently with the delivery of the Series 2003 E Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by public policy. These exceptions would encompass any exercise of the Federal, State or local police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Qualified Entity Purchase Agreement, the Authorizing Instruments and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2003 E Bonds are subject to the approval of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the Series 2003 E Bonds, substantially in the form attached hereto as Appendix C. Certain legal matters will be passed on

by Issuer's Counsel, Bingham McHale LLP, Indianapolis, Indiana, and Bose McKinney & Evans LLP, Indianapolis, Indiana, counsel for the Underwriters.

RATING

S&P has assigned a rating of "A+" to the Series 2003 E Bonds without municipal bond insurance, and AAA conditioned upon the issuance of the Series 2003 E Bond Insurance Policy. This rating reflects only the view of S&P and an explanation thereof may be obtained from S&P at 55 Water Street, New York, New York 10041. Such rating is not a recommendation to buy, sell or hold the Series 2003 E Bonds. There is no assurance that such rating will remain in effect for any given period of time or that such rating will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Series 2003 E Bonds any proposed revision or withdrawal of the rating of the Series 2003 E Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of rating may have an adverse effect on the market price or marketability of the Series 2003 E Bonds.

UNDERWRITING

The Series 2003 E Bonds are being purchased by the Underwriters set forth on the cover page of this Official Statement. The Underwriters have agreed to purchase the Series 2003 E Bonds at an aggregate purchase price of \$37,600,694.30, which represents the par amount of \$36,530,000, less the underwriters' discount of \$173,378.40, less the premium for the Series 2003 E Bond Insurance Policy, in the amount of \$163,000, plus original issue premium of \$1,407,072.70, pursuant to a purchase contract entered into by and between the Bond Bank and the Underwriters. Such purchase contract provides that the Underwriters will purchase all of the Series 2003 E Bonds if any are purchased.

The Underwriters have agreed to make a bona fide public offering of all of the Series 2003 E Bonds at prices not in excess of the initial public offering prices set forth or reflected inside the cover page of this Official Statement. The Underwriters may sell the Series 2003 E Bonds to certain dealers (including dealers depositing Series 2003 E Bonds into investment trusts) and others at prices lower than the offering prices set forth inside the cover page hereof.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The accuracy of certain mathematical computations showing that payments on the Qualified Obligations, together with other available revenues, have been structured to be sufficient to pay principal of and interest on the Series 2003 E Bonds when due will be verified by Crowe Chizek and Company LLC, independent certified public accountants. Such verifications shall be based upon certain information and assumptions supplied by the Bond Bank and the Underwriters.

SERIES 2003 E BONDS AS LEGAL INVESTMENTS

Pursuant to the Act, all Indiana financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued by the Bond Bank.

AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

Separate audited financial reports of the State and the Bond Bank, respectively, (collectively, the "Financial Reports") are prepared annually and are presently available for the year ended June 30, 2002, and prior years. No financial reports related to the foregoing entities are prepared on an interim basis and there can be no assurance that there have not been material changes in the financial position of the foregoing entities since the date of the most recent available Financial Statements. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent Financial Reports, any authorizing or governing instruments defining the rights of owners of the Series 2003 E Bonds or the owners of the Qualified Obligations and available financial and statistical information regarding the Bond Bank, the City and the Qualified Entity. Requests for documents and payments therefor should be directed and payable to the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204.

CONTINUING DISCLOSURE

Pursuant to disclosure requirements set forth in Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), and the terms of the Continuing Disclosure Undertaking Agreement (the "Undertaking"), among the State, the Bond Bank and the Trustee, the State will agree to provide or cause to be provided through the Trustee or the Bond Bank, as dissemination agent, the following annual financial information and operating data, as long as the State is an "obligated person" (within the meaning of the Rule) with respect to the Bonds (or until such time as the Bonds may be defeased or paid in full, all as more fully set forth in the Undertaking):

1. Audited Financial Statements. To each nationally recognized municipal securities information repository ("NRMSIR") and to the Indiana state information depository, if any (the "State Depository"), when and if available, the audited financial statements of the State for each fiscal year of the State, beginning with the fiscal year ended June 30, 2003, together with the independent auditor's report and all notes thereto; if audited financial statements are not available within 220 days following the close of the fiscal year of the State, beginning with the fiscal year ended June 30, 2003, the Annual Information (as defined below) shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Information when they become available; and

2. Financial Information in this Official Statement. To each NRMSIR and to the State Depository, if any, within 220 days of the close of the fiscal year of the State, beginning with the fiscal year ended June 30, 2003, annual financial information, other than the audited or unaudited financial statements described above, including operating data of the type provided in

Appendix A – “FINANCIAL AND ECONOMIC STATEMENT FOR THE STATE OF INDIANA.”

(The information described in items 1 and 2 above is referred to as the "Annual Information.")

Pursuant to the terms of the Undertaking, the Bond Bank (and the State, but only to the extent the State shall have actual knowledge of such event) will also agree to provide to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Depository, if any, the following event notices, if material, and in a timely manner:

- principal and interest payment delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- modifications to the rights of Bondholders;
- Bond calls (other than scheduled mandatory sinking fund redemptions for which notice is given in accordance with the Indenture and as described in the Final Official Statement);
- defeasances;
- release, substitution or sale of property securing repayment of the Bonds; and
- rating changes.

The State or the Bond Bank may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above. If the State or the Bond Bank choose to provide any such additional information, they will have no obligation to update such information or include it in any future Annual Information or Event Notice.

The Qualified Entity, while the Bonds are outstanding, has agreed to provide to the Bond Bank the preceding event notices with regard to the Qualified Obligations, if material, and in a timely manner, and has agreed to provide the following information while any Qualified Obligations are outstanding:

Financial Information. An update of the financial information and operating data relating to the Qualified Entity and the City of the same nature as that contained in Appendix B to each NRMSIR, to the State Depository, if any, and to the Bond Bank, within 180 days after each December 31, commencing with the calendar year ending December 31, 2003.

Audited Financial Statements. To each NRMSIR, to the State Depository, if any, and to the Bond Bank, when and if available, the audited financial statements of the City as prepared and examined by the State Board of Accounts for each twelve (12) month period ending December 31, commencing with the year ending December 31, 2003, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt of such statements from the State Board of Accounts.

Failure to Disclose

In a timely manner, the Trustee shall notify each NRMSIR or the MSRB, and the State Depository, if any, of any failure on the part of the State to provide the Annual Information. If any information relating to the State can no longer be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the State to each NRMSIR and to the State Depository, if any, along with the Annual Information required as specified above and containing such information as is still available, will satisfy the State's undertaking to provide the Annual Information. To the extent available, the State will cause to be filed along with the Annual Information operating data similar to that which can no longer be provided.

Accounting Principles

The accounting principles pursuant to which the financial statements of the State will be prepared will be generally accepted accounting principles, as in effect from time to time or those mandated by State law from time to time.

Remedies

The Undertaking is solely for the benefit of the holders and beneficial owners of the Bonds and creates no new contractual or other rights for the SEC, any underwriters (other than the Underwriters), brokers, dealers, municipal securities dealers, potential customers, or other obligated persons or any other third party. The sole remedy against the State for any failure to carry out any provision of the Undertaking shall be for specific performance of the State's disclosure obligations under the Undertaking. Failure on the part of the State to honor its covenants thereunder shall not constitute a breach or default of the Bonds, the Indenture or any other agreement to which the State or the Bond Bank is a party. This remedy may be exercised by any holder or beneficial owner of the Bonds who may seek specific performance by court order to cause the State to comply with its disclosure obligations under the Undertaking.

Modification of Undertaking

The Bond Bank, the State and the Trustee may, from time to time, amend or modify any provision of the Undertaking without the consent of the holders or the beneficial owners of the Bonds if either: (a) (i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or the State, or type of business conducted, (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date of the Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interest of the holders or beneficial owners of the Bonds, as determined either by (A) any person selected by the State that is unaffiliated with the State (including the Trustee) or (B) an approving vote of the holders of the requisite percentage of Outstanding Bonds as required under the Indenture at the time of such amendment or

modification; or (b) such amendment or waiver (including an amendment which rescinds the Undertaking) is permitted by law or the Rule, as then in effect.

The Annual Information for the fiscal year during which any such amendment or modification occurs that contains the amended or modified Annual Information will explain, in narrative form, the reasons for such amendment or waiver and the impact of the change in the type of Annual Information being provided.

Copies of the Undertaking are available from the Bond Bank upon request.

Compliance With Previous Undertakings

In the previous five years, the State, the Bond Bank, the Qualified Entity and the City have never failed to comply in all material respects with any previous undertakings in a written contract or agreement that any of them entered into pursuant to subsection (b)(5) of the Rule.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2003 E Bonds, the security for the payment of the Series 2003 E Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriters. Following delivery of the Series 2003 E Bonds, copies of such documents may be examined at the offices of the Bond Bank.

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the Series 2003 E Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the Bond Bank, the Qualified Entity, the Trustee or the Underwriters and the purchasers or owners of any Series 2003 E Bonds. The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

INDIANA BOND BANK

By: /s/ Tim Berry
Tim Berry, Chairman, Ex Officio

APPENDIX B

DESCRIPTION OF THE SOUTH BEND REDEVELOPMENT DISTRICT AND THE CITY OF SOUTH BEND

GENERAL INFORMATION

Location

The City of South Bend is located in St. Joseph County in north central Indiana and near the border of the State of Michigan. South Bend is approximately 140 miles north of Indianapolis, Indiana and approximately 90 miles east of Chicago, Illinois.

The District

The boundaries of the South Bend Redevelopment District (the "District") are coterminous with the boundaries of the City of South Bend. The South Bend Redevelopment Commission (the "Commission") has the authority to levy an annual tax on all taxable property in the District.

Population

		<u>St. Joseph County</u>	<u>City of South Bend</u>
Population	2000	265,559	107,789
	1990	247,052	105,511
	1980	241,617	109,727
	1970	244,827	125,580
	1960	238,614	132,445

Data reported by the U.S. Census Bureau.

Employment

Unemployment percentages for the South Bend MSA and the State of Indiana are set forth in the table below.

<u>Year</u>	<u>State of Indiana</u>	<u>South Bend MSA</u>	<u>South Bend MSA Labor Force</u>
2003-September	4.8	4.4	137,060
2002	5.1	5.1	137,550
2001	4.4	4.6	137,553
2000	3.2	3.4	134,771
1999	3.0	3.1	134,363
1998	3.1	2.8	135,971
1997	3.5	3.3	136,673
1996	4.1	4.0	134,713
1995	4.7	4.2	137,811
1994	4.9	4.4	134,240
1993	5.4	5.3	128,138

Source: Indiana Department of Work Force Development, Labor Market Information, Indianapolis, Indiana, in cooperation with the U.S. Bureau of Labor Statistics. South Bend MSA includes all of St. Joseph County.

Taxes

Assessed Valuation: \$1,958,834,827 for taxes payable in 2002.

Property Tax: \$6.3241 for taxes assessed in 2001 payable in 2002 per \$100 of assessed valuation in the South Bend-Portage taxing district in St. Joseph County, before property tax credit of 15.0573% (paid by State from sales tax receipts). Household goods are exempt.

Sales & Use Tax: 6% tangible personal property except food and prescription drugs.

St. Joseph County Food and Beverage sales tax of 1%.

Individual Adjusted Gross Income: 3.4% of earnings - \$1,000 annual exemption allowed for taxpayer and each dependent.

Excise Tax: Cigarettes - 55.5 cents per package. Gasoline - 18 cents per gallon.

Automobile Tax: Excise tax in lieu of personal property tax, based on initial retail price and age of vehicle.

Innskeeper's Tax: 6% additional tax on any overnight stay in St. Joseph County.

County Economic Development Income Tax: .2% of adjusted gross income of St. Joseph County resident taxpayers and certain non-resident St. Joseph County taxpayers.

County Option Income Tax: .60% of adjusted gross income of St. Joseph County resident taxpayers and certain non-resident St. Joseph County taxpayers.

Education

Public Schools: The City of South Bend is served by the South Bend Community School Corporation which has a current enrollment of approximately 21,612. The School Corporation includes five high schools, five middle schools and 25 elementary schools.

Colleges and Universities: Institutions of higher education in the community include the University of Notre Dame, St. Mary's College, Indiana University at South Bend, Purdue University Statewide Technology Program, Bethel College, Holy Cross College, Michiana College, Davenport College, Tri-State University, Ivy Tech State College and Indiana Institute of Technology.

Transportation

Railroads: Four rail lines provide freight and passenger service to the City and the South Shore passenger line runs from South Bend to Chicago. South Bend is also served by AMTRAK.

Highways: I-80/90 (Indiana Toll Road); U.S. Highway 6, 20, 31 and 33; State Highways 2, 4, 23, 104, 331 and 933.

Trucking: Nearly 50 major interstate carriers travel through South Bend regularly.

Air: South Bend Regional Airport serves the City with nine carriers. Chicago O'Hare Airport is approximately 120 miles from the City.

Bus: A municipal bus service (Transpo) is provided within the City. Inter-City bus lines include United Limo and Greyhound.

Utilities

Electricity: American Electric Power Company

Gas: Northern Indiana Public Service Company

Water/Sewage: City of South Bend Municipal Water and Sewer Utilities

Telephone: SBC

Community Data

Police Protection: The South Bend Police Department consists of 264 sworn officers and 108 civilian employees.

Fire Protection: The South Bend Fire Department is comprised of 12 fire stations and employs 248 full-time firefighters in four divisions.

Hospitals: There are three acute care hospitals in the South Bend area. Memorial Hospital of South Bend has 393 beds; St. Joseph's Regional Medical Center has 328 beds; Saint Joseph Community Hospital has 117 beds.

Recreation: The City of South Bend offers many recreational facilities. The City has 35 playgrounds, 71 public parks providing swimming pools, softball and baseball diamonds, tennis courts, golf courses and 13 fitness centers.

Cultural: The City of South Bend is the home of a minor league baseball team affiliated with the Arizona Diamondbacks with games played in the Stanley Coveleski Regional Baseball Stadium (a 5,000 seat

facility). The St. Joseph River runs through the City providing boating activities. The East Race Waterway is a 2,000 yard man-made rafting and kayaking course which flows adjacent to the St. Joseph River. Other attractions include the South Bend Symphony, Morris Performing Arts Center, Broadway Theater League, Potawatomi Zoo, College Football Hall of Fame Project, Studebaker National Museum, Northern Indiana Historical Museum, Copshaholm Historic House Museum, Morris Conservatory and Century Center, a 225,000 square foot convention and exhibit center. Other activities are also available at the major colleges and universities in the area.

Financial Institutions

Located and headquartered in South Bend, Indiana are the following banks with total deposits and total assets as of June 30, 2003:

	<u>Total Assets</u>	<u>Total Deposits</u>
1 st Source Bank	\$ 3,217,951,000	\$ 2,644,586,000
Teachers Credit Union	1,257,783,795	40,749,118
Communitywide Federal Credit Union	151,447,406	15,469,263
Sobieski Federal Savings and Loan	120,069,000	74,862,000
AAA Federal Credit Union	49,887,273	451,608
Policemen's Federal Credit Union	38,152,585	610,821
South Bend Firefighters Federal Credit Union	22,310,957	2,867,834
South Bend Post Office Credit Union	13,544,602	2,446,718
IMECO Federal Credit Union	8,886,018	1,230,206
River Bend Federal Credit Union	5,164,210	1,007,531
South Bend Transit Federal Credit Union	2,337,952	67,764

Source: Federal Deposit Insurance Corporation and National Credit Union Administration

Major Employers

The major employers and their number of employees in the City of South Bend as of May 5, 2003 are as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>2003</u>
South Bend Community Schools	Education	3,500
Saint Joseph Regional Medical Center, Inc.	Medical Care	3,391
Memorial Health Systems	Medical Care	3,300
AM General Corporation	Manufacturing	2,151
City of South Bend	Government	1,400
Indiana University South Bend	Education	1,400
St. Joseph County	Government	1,350
Madison Center	Counseling/Mental Health	1,014
Honeywell	Manufacturing	876
South Bend Medical Foundation, Inc.	Healthcare/Medical Serv.	867

Source: Chamber of Commerce of St. Joseph County

Construction History

Summary of Building Permits Issued 1998-2002

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Residential Permits	107	101	160	188	144
Commercial/Industrial Permits	26	34	20	42	29
Building Additions/Garages*	1,976	2,334	1,891	1,922	1,903
Other Permits	<u>26</u>	<u>45</u>	<u>50</u>	<u>57</u>	<u>94</u>
Total Permits	<u>2,135</u>	<u>2,514</u>	<u>2,121</u>	<u>2,209</u>	<u>2,170</u>

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Permit Value					
Residential Permits	\$ 11,706,700	\$ 11,315,800	\$ 15,833,400	\$ 29,793,700	\$ 14,185,550
Commercial/Industrial Permits	38,284,508	29,670,350	10,281,990	57,495,162	33,144,500
Building Additions/Garages*	51,084,424	100,344,194	54,102,314	86,426,311	38,810,019
Other Permits	<u>10,423,055</u>	<u>33,548,623</u>	<u>5,330,166</u>	<u>6,059,733</u>	<u>53,265,080</u>
Total Value	<u>\$ 111,498,687</u>	<u>\$174,878,967</u>	<u>\$ 85,547,870</u>	<u>\$179,774,906</u>	<u>\$139,405,149</u>

* Includes residential and non-residential

Source: South Bend Building Department

Source of Data and Information

Statistical data and other information set forth under this "DESCRIPTION OF THE SOUTH BEND REDEVELOPMENT DISTRICT AND THE CITY OF SOUTH BEND" have been compiled by the City of South Bend Redevelopment Commission's financial consultant, Crowe Chizek and Company LLC, from sources deemed to be reliable.

**CITY OF SOUTH BEND, INDIANA
REDEVELOPMENT DISTRICT
DEBT AND TAXATION**

**CITY OF SOUTH BEND, INDIANA
REDEVELOPMENT DISTRICT
DEBT AND TAXATION
(as of November 1, 2003)**

	<u>Total Debt</u>	<u>% Applicable</u>	<u>Amount Applicable</u>
<u>Direct Debt</u>			
Indiana Bond Bank Bonds, Series 2003 E (to be issued herein) (1)	\$ 14,400,000	100.00	\$ 14,400,000
Indiana Bond Bank Bonds, Series 2003 E (to be issued herein) (2)	19,400,000	100.00	19,400,000
2002 Special Taxing District Bonds (5)	6,620,000	100.00	6,620,000
1997 Redevelopment District Refunding Bonds (5)	1,525,000	100.00	1,525,000
1992 Tax Increment Refunding Revenue Bonds (2) (3)	595,000	100.00	595,000
1988 Tax Increment Revenue Bonds (2) (3)	925,000	100.00	925,000
Revenue Bond, Series 2001 A (4)	918,787	100.00	<u>918,787</u>
Total Direct Debt			<u>\$ 44,383,787</u>
<u>Lease Obligation Debt:</u>			
2001 Lease Rental Revenue Refunding and Improvements Bonds (Century Center) (5)	6,195,000	100.00	6,195,000
2000 Lease Rental Revenue Refunding Bonds (College Football Hall of Fame Project) (5)	13,945,000	100.00	13,945,000
1998 Lease Rental Revenue Refunding Bonds (Golf Course) (5)	5,055,000	100.00	5,055,000
1998 Lease Rental Revenue Bonds (Morris Performing Arts Center) (5)	11,145,000	100.00	11,145,000
1997 Lease Rental Revenue Refunding Bonds (3)(5)	1,760,000	100.00	1,760,000
1996 Lease Rental Revenue Refunding Bonds (Central Development Area) (5)	3,550,000	100.00	3,550,000
1993 Taxable Lease Rental Acquisition and Refunding Revenue Bonds (3)	3,440,000	100.00	3,440,000
1992 Lease Rental Revenue Refunding Bonds (to be refunded in this issue) (5)	1,735,000	100.00	<u>1,735,000</u>
Total Lease Obligation Debt			<u>\$ 46,825,000</u>
Total Direct Debt and Lease Obligation Debt			<u>\$ 91,208,787</u>

- (1) Payable from tax increment revenues of the Airport Economic Development Area.
- (2) Payable from tax increment revenues of the South Bend Central Allocation Area.
- (3) To be defeased with cash on hand on or about closing.
- (4) The Bonds are payable from payments made by Robert Bosch Corporation and backed by tax increment revenues of the Airport Economic Development Area.
- (5) Payable from unlimited ad valorem taxes on all taxable property in the South Bend Redevelopment District (an area with boundaries coterminous to the City of South Bend).

	<u>Total Debt</u>	<u>Percent Applicable</u>	<u>Amount Applicable</u>
<u>Overlapping and Underlying Direct Debt and Lease Obligations</u>			
City of South Bend	\$ 40,861,813	100.00	40,861,813
St. Joseph County	75,820,000	32.45	24,603,590
St. Joseph County Redevelopment District	1 7,830,000	32.45	5,785,835
St. Joseph County Public Library	3,155,000	54.51	1,719,791
Mishawaka Penn Township Public Library	10,790,000	2.43	262,197
South Bend Community Schools	240,635,000	56.91	136,945,379
Penn-Harris-Madison Schools	113,207,617	2.11	<u>2,388,681</u>
Total Overlapping and Underlying Direct Debt and Lease Obligations			<u>\$212,567,286</u>

Direct Debt Issuance Limitation

The Redevelopment District is limited to the issuance of direct general obligation debt in an amount not to exceed 2% of one-third of the assessed valuation. **The Bonds being issued herein are not subject to the 2% debt limitation.**

Net Assessed Valuation - 2001 Payable 2002	\$ 1,958,834,827
One-Third of Assessed Valuation – 2001 Pay 2002	652,944,942
Statutory Limitation - 2% Thereof	\$ 13,058,899
Bonds subject to limit:	
2002 Special Taxing District Bonds	6,620,000
1997 Redevelopment District Refunding Bonds	<u>1,525,000</u>
Issuance Margin	<u>\$ 4,913,899</u>
<u>Per Capita and Debt Ratio Analysis</u>	
Population - 2000	107,789
Net Assessed Valuation 2001/2002	\$ 1,958,834,827

<u>Description</u>	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt/Assessed Valuation</u>
Total Direct Debt and Lease Obligations	\$ 91,208,787	\$ 846.17	4.66%
Total Overlapping and Underlying Direct Debt and Lease Obligations	<u>212,567,286</u>	<u>1,972.07</u>	<u>10.85%</u>
Total	<u>\$ 303,776,073</u>	<u>\$ 2,818.24</u>	<u>15.51%</u>

**Assessed Valuation
City of South Bend**

<u>Payable Year</u>	<u>Net Assessed Valuation</u>
2002	\$ 1,958,834,827 (1)
2001	649,275,809
2000	646,632,596
1999	625,807,646
1998	619,151,749
1997	611,845,695
1996	609,271,039
1995	633,025,530

- (1) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than Assessed Value.

**Assessed Valuation
Airport Economic Development Area**

<u>Payable Year</u>	<u>Base Assessed Valuation</u>	<u>Gross Assessed Valuation</u>	<u>Incremental Assessed Valuation</u>
2002	\$59,307,147	\$144,828,027	\$85,520,880
2001	59,239,137	138,051,120	78,811,983
2000	59,192,637	138,881,595	79,688,958
1999	59,192,637	120,968,199	61,775,562

South Bend Central Allocation Area

<u>Payable Year</u>	<u>Base Assessed Valuation</u>	<u>Gross Assessed Valuation</u>	<u>Incremental Assessed Valuation</u>
2002	\$57,095,259	\$104,235,866	\$47,140,607
2001	57,095,259	106,418,886	49,323,627
2000	57,095,259	108,828,678	51,733,419
1999	57,095,259	107,724,150	50,628,891

**Record of Taxes Levied and Collected
City of South Bend**

<u>Collection Year</u>	<u>Levied</u>	<u>Current and Delinquent Collected</u>	<u>%</u>
2002	\$ 52,252,686	\$ 54,142,502	103.6%
2001	50,334,325	48,920,931	97.2
2000	47,487,206	46,509,021	97.9
1999	45,129,628	44,316,398	98.2
1998	42,994,254	42,631,660	99.2
1997	41,866,708	40,553,899	96.9
1996	40,936,170	40,416,300	98.7
1995	31,002,221	31,621,595	102.0
1994	29,144,757	29,543,670	101.4
1993	30,031,156	29,145,146	97.0

TIF District Revenues

<u>Payable Year</u>	<u>Airport Economic Development Area</u>	<u>South Bend Central Allocation Area</u>
2002	\$ 4,774,537	\$ 2,566,984
2001	3,980,512	2,677,118
2000	3,786,462	2,441,293
1999	3,037,854	2,492,768

Total Tax Rates (1)
City of South Bend, Portage Township
(Per \$100 Assessed Valuation)

Total Civil City and County Tax Rates (by year payable)

	<u>2002(2)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
State	\$.0033	\$.0100	\$.0100	\$.0100	\$.0100
County	.9473	3.1402	3.1142	3.5002	3.0079
Township-Portage	.0382	.1123	.2256	.1020	.0967
School	2.1725	6.3673	5.9365	5.8978	6.0293
Library	<u>.2496</u>	<u>.7366</u>	<u>.7059</u>	<u>.6933</u>	<u>.6886</u>
	<u>3.4109</u>	<u>10.3664</u>	<u>9.9922</u>	<u>10.2033</u>	<u>9.8325</u>
Corporation					
General Fund	2.1304	6.1877	5.8440	5.7504	5.4927
Fire Pension	.0669	.1948	.1825	.1815	.1733
Police Pension	.0600	.1746	.1636	.1627	.1555
Park and Recreation	.3591	1.0442	.9906	.9851	.9410
Cumulative Cap. Dev.	<u>.0500</u>	<u>.1500</u>	<u>.1500</u>	<u>.1500</u>	<u>.1500</u>
Total Corporation	<u>2.6664</u>	<u>7.7513</u>	<u>7.3307</u>	<u>7.2297</u>	<u>6.9125</u>
Redevelopment District	.0983	.3050	.0954	.0795	.1255
Airport	.0406	.1261	.1219	.1312	.0839
Transportation	<u>.1079</u>	<u>.3150</u>	<u>.2994</u>	<u>.2959</u>	<u>.2883</u>
Total City Tax Rate	<u>\$ 6.3241</u>	<u>\$18.8638</u>	<u>\$17.8396</u>	<u>\$17.9396</u>	<u>\$17.2427</u>

- (1) Includes County and overlapping levies. All tax rates exhibited are before deduction of approximately 14% to 17% thereof for property tax relief funds provided from State of Indiana tax sources and before deduction for homestead credits.
- (2) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than assessed value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

Total Tax Rates (1)
City of South Bend, German Township
(Per \$100 Assessed Valuation)

Total Civil City and County Tax Rates (by year payable)

	<u>2002(2)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
State	\$.0033	\$.0100	\$.0100	\$.0100	\$.0100
County	.9473	3.1402	3.1142	3.5002	3.0079
Township-German	.0101	.0377	.0418	.0324	.0323
School	2.1725	6.3673	5.9365	5.8978	6.0293
Library	<u>.2496</u>	<u>.7366</u>	<u>.7059</u>	<u>.6933</u>	<u>.6886</u>
	<u>3.3828</u>	<u>10.2918</u>	<u>9.8084</u>	<u>10.1337</u>	<u>9.7681</u>
Corporation					
General Fund	2.1304	6.1877	5.8440	5.7504	5.4927
Fire Pension	.0669	.1948	.1825	.1815	.1733
Police Pension	.0600	.1746	.1636	.1627	.1555
Parks and Recreation	.3591	1.0442	.9906	.9851	.9410
Cumulative Cap. Dev.	<u>.0500</u>	<u>.1500</u>	<u>.1500</u>	<u>.1500</u>	<u>.1500</u>
Total Corporation	<u>2.6664</u>	<u>7.7513</u>	<u>7.3307</u>	<u>7.2297</u>	<u>6.9125</u>
Redevelopment District	.0983	.3050	.0954	.0795	.1255
Airport	.0406	.1261	.1219	.1312	.0839
Transportation	<u>.1079</u>	<u>.3150</u>	<u>.2994</u>	<u>.2959</u>	<u>.2883</u>
Total City Tax Rate	<u>\$ 6.2960</u>	<u>\$ 18.7892</u>	<u>\$ 17.6558</u>	<u>\$ 17.8700</u>	<u>\$ 17.1783</u>

(3) Includes County and overlapping levies. All tax rates exhibited are before deduction of approximately 14% to 17% thereof for property tax relief funds provided from State of Indiana tax sources and before deduction for homestead credits.

(4) Prior to the 2001 Pay 2002 tax year, the State of Indiana used a property valuation system that arrived at a full valuation designated as the True Tax Value which was then divided by three to arrive at the Assessed Value of the property. For the 2001 Pay 2002 tax year and subsequent years, property is valued at True Tax Value rather than assessed value. This has generally resulted in tax rates of approximately one-third of that used in prior years since the valuation basis is three times higher.

**Largest City Taxpayers
Airport Economic Development Area**

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Payable 2002 Assessed Valuation</u>
Edward Rose of Indiana	Apartments	\$ 8,900,790
Ameritech Services	Electric Utility	8,299,290
Wal-Mart R.E. Bus Trust	Retail	5,877,900
Meijer Stores	Retail	5,590,110
AE Pistons, Inc.	Automotive Pistons	4,417,840
Accuride Indiana, Inc.	Ball Bearing Slides	3,801,480
Eaton Corporation	Automotive/Heavy Industry	2,854,370
Great Lakes Industrial Partners	Automotive/Plastic Molding	2,337,600
Spin Cast Plastics	Plastic Highway Safety Products	1,570,560
Darnell Frank Revocable Trust	Individual Trust	<u>1,564,200</u>
	Total	<u>\$ 45,214,140</u>

Source: City of South Bend – Community Economic Development

**Largest Taxpayers
South Bend Central Allocation Area**

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Payable 2002 Assessed Valuation</u>
Marriott Hotel	Hotel	\$ 7,041,000
1 st Source Corporation	Finance/Banking	4,662,000
One Michiana Partners	Office Building	3,901,590
International Constructors	Residence/Multi-Family	3,881,520
South Bend Tribune	Newspaper	3,764,150
Teachers Credit Union	Finance/Banking	3,705,810
Can-American South Bend LP	Apartments	3,699,990
Indiana Bell Telephone Company	Telephone Utility	3,120,000
Valley American Limited Partnership	Hotel	3,042,990
Crowe Chizek and Company LLC	Accounting Firm	<u>2,823,900</u>
	Total	<u>\$ 39,642,950</u>

Source: City of South Bend – Community Economic Development

Sources of Data and Information

Statistical data and other information set forth under the caption “CITY OF SOUTH BEND, INDIANA REDEVELOPMENT DISTRICT DEBT AND TAXATION” have been compiled by the Commission’s financial consultant, Crowe Chizek and Company LLC, from sources deemed to be reliable.

APPENDIX C
FORM OF BOND COUNSEL OPINION
(Barnes & Thornburg)

December 30, 2003

Indiana Bond Bank
Indianapolis, Indiana

Re: Indiana Bond Bank
Special Program Bonds, Series 2003 E (South Bend TIF Districts)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank (the "Issuer") of its Special Program Bonds, Series 2003 E (South Bend TIF Districts), dated December 30, 2003 (the "Bonds"), in the aggregate principal amount of \$36,530,000, pursuant to Indiana Code 5-1.5, as amended, and the Trust Indenture, dated as of December 1, 2003 (the "Indenture"), between the Issuer and Fifth Third Bank, Indiana, as trustee (the "Trustee"). We have examined the law and such certified proceedings for the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings for the authorization, issuance and sale of the Bonds and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Series 2003 E Qualified Entity (as defined in the Indenture) and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, and the tax and arbitrage certificate of the Series 2003 E Qualified Entity, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the opinion of Bingham McHale LLP, Indianapolis, Indiana, special counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied upon the reports of Crowe Chizek and Company LLC, Indianapolis, Indiana, independent certified public accountants, dated the date hereof, as to the matters stated therein.

For purposes of this opinion, we have assumed, without making any factual, legal or other inquiry or investigation, and without expressing any opinion or stating any conclusion with respect thereto, that the interest on the Lease Rental Revenue Bonds (Parking Facility Refunding), dated as of July 1, 1992, and issued by the South Bend Redevelopment Authority (the "1992 Bonds"), is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"). The entire outstanding principal amount of the 1992 Bonds is to be defeased with, among other funds, a portion of the proceeds of the City of South Bend, Indiana, Redevelopment District Tax Increment Revenue Bonds, Series 2003 (South Bend Central Development Area), which will be acquired with a portion of the proceeds of the Bonds.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a body corporate and politic validly existing under Indiana Code 5-1.5, with the corporate power to execute and deliver the Indenture and to issue, execute and deliver the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).
3. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. Under Section 103 of the Code, the interest on the Bonds is excluded from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Series 2003 E Qualified Entity comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the Series 2003 E Qualified Entity has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except for the opinion expressed in paragraph 5 hereof, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

6. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes, except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated December 17, 2003, or any other offering material relating to the Bonds.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

Very truly yours,

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain additional provisions of the Indenture not otherwise discussed in this Official Statement. This summary is qualified in its entirety by reference to the Indenture.

Accounts and Reports

The Bond Bank will keep proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Bond Bank, and all Funds and Accounts will at all reasonable times be subject to the inspection of the Trustee and the owners of an aggregate of at least 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Before the twentieth day of each month, the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the first day of that month and the total deposits to and withdrawals from each Fund and Account during the preceding month. The Bond Bank may provide for less frequent statements so long as such statements are supplied no less frequently than quarterly.

Preservation of Tax Exemption for the Bonds

In order to assure the continuing excludability of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation, the Bond Bank covenants and agrees that it will not take any action or fail to take any action with respect to the Bonds, that would result in the loss of the exclusion from gross income for federal tax purposes of interest on any of the Bonds pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such exclusion and it will not make any investment or do any other act or thing during the period that the Bonds are Outstanding which would cause any of the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the particular Series of Bonds. Pursuant to the Indenture, all of these covenants are based solely on current law as in existence and effect on the date of delivery of the particular Series of Bonds. It will not be an Event of Default under the Indenture if the interest on the Bonds is not excluded from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of the issuance of such Bonds.

In making any determination regarding the covenants, the Bond Bank may rely on an Opinion of Bond Counsel.

Covenants Concerning the Program

In order to provide for the payment of the principal of, premium if any, and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, with all practical dispatch and in a sound and economical manner in accordance with the Act, the Indenture and sound banking practices and principals (i) do all acts and things as are necessary to receive and collect Revenues (including the enforcement of the prompt collection of any arrears on all Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect the rights of the Bond Bank with respect to the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary in order to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligation which is in default.

Covenants with Respect to Qualified Obligations

With respect to the Qualified Obligations, the Bond Bank covenants as follows:

(a) Not to permit or agree to any material change in any Qualified Obligation (other than ones for which consent of the Bond Bank is not required) unless the Bond Bank supplies the Trustee with a Cash Flow Certificate to the effect that, after such change, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year.

(b) To the extent that such action would not adversely affect the validity of the Qualified Obligation or other obligations of the Qualified Entity, the Bond Bank will pursue the remedies set forth in the Act, particularly Indiana Code 5-1.5-8-5, for the collection of deficiencies in Qualified Obligation Payments on any Qualified Obligation by collection of such deficiencies out of certain State funds payable but not yet paid to a defaulting Qualified Entity.

(c) To enforce or authorize the enforcement of all remedies available to the Bond Bank as the owner or holder of the Qualified Obligations, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, if such remedies are not enforced, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds in each such Fiscal Year; provided, however, that decisions as to the enforcement of remedies shall be within the sole discretion of the Trustee.

(d) Not to sell or dispose of the Qualified Obligations, unless the Bond Bank first provides the Trustee with a Cash Flow Certificate to the effect that, after such sale, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale or disposition transferred from any Fund or Account, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year.

Certification Covenants

In the event that a deficiency in the Debt Service Reserve Fund is projected in the annual budget of the Bond Bank, the Chairman of the Board of Directors of the Bond Bank will certify such projected deficiency to the State General Assembly on or before August 1 of the Fiscal Year in which such deficiency is projected to occur. Further, regardless of whether any such deficiency was projected for its annual budget and regardless of the time at which such deficiency occurs or is projected to occur, the Bond Bank will take all actions required or allowed under the Act to certify any deficiency or projected deficiency in the Debt Service Reserve Fund to the State General Assembly.

Budgets

The Bond Bank will adopt and file with the Trustee, upon the written request of the Trustee, and appropriate State officials under the Act an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than June 1 of each year. The annual budget will be open to inspection by any Owner of Bonds. In the event the Bond Bank does not adopt an annual budget for the succeeding Fiscal Year on or before June 1, the budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for the succeeding Fiscal Year until the annual budget for such Fiscal Year has been duly adopted. The Bond Bank may at any time adopt an amended annual budget in the manner then provided in the Act.

Defeasance and Discharge of Lien of Indenture

If payment or provision for payment is made to the Trustee of the principal of and interest due and to become due on all of the Bonds then Outstanding under the Indenture, and if the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Trustee, to call such Bonds for redemption at a specified date

and pursuant to the Indenture. Outstanding Bonds will continue to be a limited obligation of the Bond Bank payable only out of the moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds.

Any Bond will be deemed to be paid when (a) payment of the principal of that Bond, plus interest to its due date, either (i) has been made or has been caused to be made in accordance with its terms, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys sufficient to make such payment, (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payments, or (3) a combination of such moneys and Governmental Obligations, and (b) all other sums payable under the Indenture, including the necessary and proper fees and expenses of the Trustee pertaining to the Bonds, have been paid or deposited with the Trustee.

Events of Default and Remedies

Any of the following events constitutes an “Event of Default” under the Indenture:

- (a) The Bond Bank defaults in the due and punctual payment of the principal of or interest on any Bond;
- (b) The Bond Bank defaults in carrying out any of its other covenants, agreements or conditions contained in the Indenture or in the Bonds, and fails to remedy such Event of Default within 60 days after receipt of notice, all in accordance with the Indenture;
- (c) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture, or in any instrument furnished in compliance with or in reference to the Indenture, is materially false or misleading when made, and there has been a failure to remedy such Event of Default within 60 days after receipt of notice, all in accordance with the Indenture;
- (d) The Bond Bank fails to make remittances required by the Indenture to the Trustee within the time limits prescribed in the Indenture;
- (e) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 60 days after such filing;
- (f) The Bond Bank files a voluntary petition in bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (g) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than 60 days;
- (h) The Bond Bank fails to restore the Debt Service Reserve Fund to the applicable Debt Service Reserve Requirement within 60 days after the end of the Fiscal Year during which a deficiency occurs; or
- (i) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason.

Upon the occurrence of an Event of Default, the Trustee will notify the Series 2003 E Bond Insurer and the Owners of Outstanding Bonds of such Event of Default and will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on Bonds outstanding under the Indenture, including any and all such actions arising under the Qualified Obligations.

(b) The Trustee may by action at law or in equity require the Bond Bank to account as if it were the trustee of an express trust for the Owners of the Bonds, and may take such action with respect to the Qualified Obligations as the Trustee deems necessary, appropriate and in the best interest of the Bondholders, subject to the terms of the Qualified Obligations.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate under the Indenture and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer. Notwithstanding the foregoing, for so long as the Series 2003 E Bond Insurance Policy is in full force and effect, in the event of any reorganization or liquidation plan with respect to the Bond Bank, the Series 2003 E Bond Insurer shall have the right to vote on behalf of the holders of the Series 2003 E Bonds.

(d) By notice to the Bond Bank and the Attorney General of the State, the Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Indenture and the Act. Notwithstanding the foregoing, for so long as the Series 2003 E Bond Insurance Policy remains in full force and effect, there will not be any acceleration of principal of, or interest on, the Series 2003 E Bonds unless the Trustee receives the express written consent of the Series 2003 E Bond Insurer prior to taking such action.

If an Event of Default has occurred, if requested to do so by the Owners of 25% or more in aggregate principal amount of the Bonds Outstanding under the Indenture, and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interest of the Bondholders; provided, however, that if the Series 2003 E Bond Insurance Policy is in full force and effect, the Trustee must receive the express written consent of the Series 2003 E Bond Insurer before exercising any such right or remedy in connection with the Series 2003 E Bonds.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture; provided, however, that for so long as the Series 2003 E Bond Insurance Policy remains in full force and effect, the Trustee must receive the express written consent of the Series 2003 E Bond Insurer before conducting any such proceedings in connection with the Series 2003 E Bonds.

Waivers of Events of Default

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (a) more than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists, or (b) more than fifty percent (50%) in aggregate principal amount of all Bonds then Outstanding in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Bond then Outstanding under the Indenture at the specified date of maturity or (ii) any Event of Default in the payment when due of the interest on any Bond then Outstanding under the Indenture, unless prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default is discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the

Bondholders will be restored to their former positions and right under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Rights and Remedies of Owners of Bonds

No owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (a) a Default has occurred, (b) such Default shall have become an Event of Default and the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (d) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds.

Supplemental Indentures

The Bond Bank and the Trustee may with the prior written consent of the Series 2003 E Bond Insurer for so long as the Series 2003 E Bond Insurance Policy remains in full force and effect, but, without the consent of or notice to any of the owners of Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the owners of Bonds then Outstanding any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interests of the Bondholders and does not otherwise require the unanimous consent of all Bondholders under the Indenture;
- (c) to subject to the lien and pledge of the Indenture additional Revenues, properties or collateral;
- (d) to modify, amend or supplement the Indenture or any Supplemental Indenture in order to permit qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;
- (e) to give evidence of the appointment of a separate or co-trustee, or the succession of a new Trustee or the succession of a new registrar and/or paying agent;
- (f) in connection with the issuance of Refunding Bonds;
- (g) to provide for the refunding of all or a portion of the Bonds; and
- (h) to amend the Indenture to permit the Bond Bank to comply with any future federal tax law or any covenants contained in any Supplemental Indenture with respect to compliance with future federal tax laws.

With the exception of Supplemental Indentures for the purposes described in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding which are affected (other than Bonds held by the Bond Bank) will have the right from time to time to consent to and approve the execution by the Bond Bank and the Trustee of any Supplemental Indenture or indentures deemed necessary and desirable by the Bond Bank or the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture, but only with the express written consent of the Series 2003 E Bond Insurer for so long as the Series 2003 E Bond Insurance Policy remains in full force and effect; provided, however, no Supplemental Indenture may permit or be construed as permitting, without the consent of the owners of all Bonds then Outstanding under the Indenture and the Series 2003 E Bond Insurer for so long as the Series 2003 E Bond Insurance Policy remains in full force and effect, (a) an extension of the stated date for maturity or redemption or a reduction in the principal amount of or redemption premium, or reduction on the rate or extension of the time of payment of the interest on, any Bonds, (b) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (c) a reduction in the aggregate principal amount of the Bonds, the owners of which are required to consent to such Supplemental Indenture, (d) the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds at any time Outstanding, (e) a reduction in the Reserve Requirement, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee, without the written consent of the Trustee.

Additional Provisions Regarding the Series 2003 E Bond Insurer

For so long as the Series 2003 E Bond Insurance Policy remains in full force and effect, the following provisions described below shall govern, notwithstanding anything to the contrary set forth in the Indenture:

(a) In the event that, on the second business day, and again on the business day, prior to the payment date on the Series 2003 E Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2003 E Bonds due on the second following or following, as the case may be, business day, the Trustee shall immediately notify the Series 2003 E Bond Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Series 2003 E Bond Insurer or its designee.

(c) In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Series 2003 E Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Series 2003 E Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2003 E Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2003 E Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "Insurance Paying Agent/Trustee"), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Series 2003 E Bond Insurer as agent for such holders in any legal proceeding related to the payment of such interest and an assignment to the Series 2003 E Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 2003 E Bond Insurer, (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the Series 2003 E Bond Insurance Policy payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective holders; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Series 2003 E Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent/Trustee in form satisfactory to the Insurance Paying Agent/Trustee an instrument appointing the Series 2003 E Bond Insurer as agent for such holder in any legal proceeding relating to the payment of such principal and an assignment to the Series 2003 E Bond Insurer of any of the Series 2003 E Bond surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (b) receive as designee of the respective holders (and not as Trustee) in accordance with the tenor of the Series 2003 E Bond Insurance Policy payment therefor from the Insurance Paying Agent/Trustee, and (c) disburse the same to such holders.

(e) Payments with respect to claims for interest on and principal of Series 2003 E Bonds disbursed by the Trustee from proceeds of the Series 2003 E Bond Insurance Policy shall not be considered to discharge the obligation of the Bond Bank with respect to such Series 2003 E Bonds, and the Series 2003 E Bond Insurer shall become the owner of such unpaid Series 2003 E Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the Indenture as described in this paragraph or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the Bond Bank and the Trustee hereby agree for the benefit of the Series 2003 E Bond Insurer that:

(1) They recognize that to the extent the Series 2003 E Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Series 2003 E Bonds, the Series 2003 E Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Bond Bank, with interest thereon as provided and solely from the sources stated in the Indenture and the Series 2003 E Bonds; and

(2) They will accordingly pay to the Series 2003 E Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Series 2003 E Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Indenture and the Series 2003 E Bond, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Series 2003 E Bonds to holders, and will otherwise treat the Series 2003 E Bond Insurer as the owner of such rights to the amount of such principal and interest.

(g) In connection with the issuance of Refunding Bonds, the Bond Bank shall deliver to the Series 2003 E Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Refunding Bonds.

(h) Copies of any amendments made to the documents executed in connection with the issuance of the Series 2003 E Bonds which are consented to by the Series 2003 E Bond Insurer shall be sent to Standard & Poor's Corporation.

(i) The Series 2003 E Bond Insurer shall receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto.

(j) The Series 2003 E Bond Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Bond Bank's audited financial statements and annual budget.

(k) Any notice that is required to be given to a holder of the Series 2003 E Bond or to the Trustee pursuant to the Indenture shall also be provided to the Series 2003 E Bond Insurer. All notices required to be given to the Series 2003 E Bond Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

(l) The Bond Bank agrees to reimburse the Series 2003 E Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Series 2003 E Bond Insurer in connection with (i) the enforcement by the Series 2003 E Bond Insurer of the Bond Bank's obligations, or the preservation or defense of any rights of the Series 2003 E Bond Insurer, under the Indenture and any other document executed in connection with the issuance of the Series 2003 E Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Indenture or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's prime rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Series 2003 E Bond Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved .

(m) The Bond Bank agrees not to use the Series 2003 E Bond Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Series 2003 E Bond Insurer's prior consent. In the event that the Bond Bank is advised by counsel that it has a legal obligation to disclose the Series 2003 E Bond Insurer's name in any press release, public announcement or other public document, the Bond Bank shall provide the Series 2003 E Bond Insurer with at least three (3) business days' prior written notice of its intent to use the Series 2003 E Bond Insurer's name together with a copy of the proposed use of the Series 2003 E Bond Insurer's name and of any description of a transaction with the Series 2003 E Bond Insurer and shall obtain the Series 2003 E Bond Insurer's prior consent as to the form and substance of the proposed use of the Series 2003 E Bond Insurer's name and any such description.

(n) The Bond Bank shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Series 2003 E Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Series 2003 E Bonds without the prior written consent of the Series 2003 E Bond Insurer.

APPENDIX E

DEFINITIONS

The following are definitions of certain terms used in the Official Statement, including its Appendices:

“Accounts” means the accounts created pursuant to the Indenture.

“Act” means the provisions of Indiana Code 5-1.5, as from time to time amended.

“Authorized Officer” means the Chairman, Vice Chairman or Executive Director of the Bond Bank or such other person or persons who are duly authorized to act on behalf of the Bond Bank.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended from time to time.

“Bond Bank” means the Indiana Bond Bank, a public body corporate and politic, not a state agency, but an independent public instrumentality of the State exercising essential public functions, or any successor to its functions.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or any similar term means the registered owner of any Bond.

“Bond Issuance Expense Account” means the account by that name created by the Indenture.

“Bonds” means the Series 2003 E Bonds and any Refunding Bonds.

“Cash Flow Certificate” means a certificate prepared by an accountant or firm of accountants in accordance with the Indenture concerning anticipated Revenues and payments.

“Code” means the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2003 E Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

“Costs of Issuance” shall mean items of expense payable or reimbursable directly or indirectly by the Bond Bank and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, underwriter’s discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Bonds, bond or reserve fund insurance premiums, credit enhancements (including Credit Facilities) or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and approved by the Bond Bank.

“Credit Facility” means any letter of credit, revolving credit agreement, surety bond, insurance policy or other agreement or instrument.

“Credit Provider” means the issuer of any Credit Facility and its successor in such capacity and their assigns. To qualify under the Indenture, the Credit Provider providing such Credit Facility shall be either:

(i) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds; or

(ii) a bank or trust company which at the time of issuance of such Credit Facility has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a rating category that is at least as high as the rating assigned to the Bonds by the rating agency or agencies rating the Bonds.

“Debt Service Reserve Fund” means the fund by that name created by the Indenture.

“Debt Service Reserve Fund Credit Facility” means any Credit Facility issued or provided by a Credit Provider, (i) which may be deposited in a reserve account in the Debt Service Reserve Fund in lieu of or in partial substitution for cash or investment securities to be on deposit therein, and (ii) which shall be payable (upon the giving of notice as required thereunder) on any due date on which moneys will be required to be withdrawn from such reserve account in which such Credit Facility is deposited and applied to the payment of the principal of or interest on any Bonds.

“Debt Service Reserve Fund Reimbursement Obligation” means any obligation to reimburse the Credit Provider of any Debt Service Reserve Fund Credit Facility for any payment made under such Debt Service Reserve Fund Credit Facility or any other obligation to repay any amounts (including, but not limited to, fees or additional interest) to the Credit Provider.

“Default” means an event or condition, the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default under the Indenture.

“Event of Default” means any occurrence of an event specified as such in the Indenture.

“Fees and Charges” means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Series 2003 E Qualified Entity.

“Fiscal Year” means the twelve-month period from July 1 through the following June 30.

“Funds” means the funds created pursuant to the Indenture, except for the Rebate Fund.

“General Account” means the account by that name created by the Indenture.

“General Fund” means the fund by that name created by the Indenture.

“Governmental Obligations” means (a) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Indenture” means the Trust Indenture, dated as of December 1, 2003, between the Bond Bank and Fifth Third Bank, Indiana, and all supplements and amendments thereto entered into pursuant thereto.

“Interest Payment Date” means any date on which interest is payable on the Bonds.

“Investment Agreement” means the Investment Agreement dated as of the date of closing, between MBIA Investment Management Corporation and the Trustee, as further identified in the Indenture.

“Investment Earnings” means earnings and profits (after consideration of any accrued interest paid and/or amortization of premium or discount on the investment) on the moneys in the Funds and Accounts established under the Indenture.

“Notice Address” means, with respect to a Qualified Entity, the Qualified Entity’s address given in connection with the sale of its Qualified Obligations to the Bond Bank, and, with respect to the Bond Bank, the Trustee and the Series 2003 E Bond Insurer:

Bond Bank:	Indiana Bond Bank Attention: Chairman 2980 Market Tower Indianapolis, IN 46204
Trustee:	Fifth Third Bank, Indiana 251 North Illinois Street, Suite 1000 Indianapolis, IN 46204
Series 2003 E Bond Insurer:	MBIA Insurance Corporation 113 King Street Armonk, NY 10504 Attention: Surveillance

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law and which is acceptable to the Bond Bank and the Trustee.

“Opinion of Counsel” means a written opinion of Counsel addressed to the Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in the Indenture) be Counsel to the Bond Bank or Counsel to the owners of the Bonds and who is acceptable to the Trustee.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, including Bonds held by the Bond Bank, except:

- (1) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (2) Bonds deemed paid under the Indenture; and
- (3) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

“Principal Payment Date” means the maturity date or the mandatory sinking fund redemption date of any Bond.

“Program” means the program for purchasing Qualified Obligations by the Bond Bank pursuant to the Act.

“Program Expenses” means all of the fees and expenses of the Trustee and costs of determining the amount rebatable, if any, to the United States of America under the Indenture, all to the extent properly allocable to the Program.

“Purchase Agreement” means a Qualified Entity Purchase Agreement between the Bond Bank and a Qualified Entity, pursuant to which one or more Qualified Obligations are sold to the Bond Bank.

“Purchase Contract” means the Bond Purchase Agreement, for the Series 2003 E Bonds between the Bond Bank and the Underwriters, dated December 17, 2003, the form of which was approved at the meeting of the Board of Directors of the Bond Bank on September 2, 2003.

“Qualified Entity” means an entity defined in IC 5-1.5-1-8, as amended from time to time, including the Series 2003 E Qualified Entity.

“Qualified Obligation” means a Security (as that term is defined in the Act), including the Series 2003 E Qualified Obligations, which has been acquired by the Bond Bank pursuant to the Indenture.

“Qualified Obligation Interest Payment” means that portion of a Qualified Obligation Payment which represents the interest due or to become due on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Qualified Obligation Payment” means the amounts paid or required to be paid, from time to time, for principal of and interest on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Qualified Obligation Principal Payment” means that portion of a Qualified Obligation Payment which represents the principal due or to become due on a Qualified Obligation held by the Trustee pursuant to the Indenture.

“Rebate Fund” means the fund by that name created by the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding such Interest Payment Date.

“Redemption Account” means the account by that name created by the Indenture.

“Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption prior to maturity.

“Refunding Bonds” means Bonds issued pursuant to the Indenture and any Supplemental Indenture.

“Reserve Requirement” means an amount equal to the least of (i) the maximum annual debt service on the Bonds, (ii) ten percent of the original stated principal amount of the Bonds, or (iii) 125 percent of average annual debt service on the Bonds, which at the time of issuance of the Series 2003 E Bonds means an amount equal to \$3,161,800, and thereafter, if less than such amount, shall be the maximum annual debt service on Outstanding Bonds in the present or any succeeding Fiscal Year.

“Revenues” means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture, including, without limitation, all Qualified Obligation Payments.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, or any successor thereto.

“Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bonds authorized by the Indenture or by a Supplemental Indenture.

“Series 2003 E Bond Insurance Policy” means the insurance policy issued by the Series 2003 E Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2003 E Bonds when due.

“Series 2003 E Bond Insurer” means MBIA Insurance Corporation.

“Series 2003 E Bonds” means the Indiana Bond Bank Special Program Bonds, Series 2003 E (South Bend TIF Districts), issued pursuant to the Indenture.

“Series 2003 E Qualified Entity” means the City of South Bend Redevelopment Commission.

“Series 2003 E Qualified Obligations” means the Qualified Obligations described in Appendix B attached hereto.

“State” means the State of Indiana.

“Supplemental Indenture” means an indenture supplemental to or amendatory of the Indenture, executed by the Bond Bank and the Trustee in accordance with the Indenture.

“Trustee” means Fifth Third Bank, Indiana, a state bank organized and existing under the laws of the State, with its principal corporate trust office located in Indianapolis, Indiana, or any successor thereto under the Indenture.

“Trust Estate” means the property, rights, and amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“Underwriters” mean, with regard to the Series 2003 E Bonds, City Securities Corporation and NatCity Investments, Inc.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Fifth Third Bank, Indiana or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$36,530,000

Indiana Bond Bank

Special Program Bonds, Series 2003 E

(South Bend TIF Districts)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest:

Assistant Secretary